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REGIONAL COOPERATION IN THE ECONOMIC, SOCIAL AND RELATED FIELDS

Summary of the survey of economic and social developments in the region of the Economic and Social Commission for Western Asia, 1993

SUMMARY

The overall economic performance of the countries of the region covered by the Economic and Social Commission for Western Asia (ESCWA) slowed down considerably in 1993, with the exception of Kuwait. Aggregate gross domestic product (GDP) is estimated to have grown by 3.5 per cent, compared with 6.8 per cent in 1992. All countries, however, with the exception of Qatar and Yemen, recorded positive growth rates. However, with the exception of Kuwait, Lebanon and the Syrian Arab Republic, these rates were below those realized in 1992.

Several developments have contributed to the overall slow-down in economic activity in the region. They include: (a) lower oil prices and revenues; (b) depressed export performance; (c) continuation of economic sanctions against Iraq, which have not only exacerbated the country's difficulties in getting the economy back on a growth track, but also harmed other countries that have traditionally maintained close economic ties with it; (d) attacks on tourists in Egypt, which not only depressed activity in a key sector directly, but have also affected negatively the confidence of investors - especially foreign investors - in the economy; (e) persistence of the political crisis in Yemen; (f) the generally depressed state of regional cooperation, despite some reconciliatory tendencies; and (g) the limited progress achieved in mobilizing resources for reconstruction.

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International economic developments were generally not favourable. World output grew by a mere 1 per cent in 1993, while growth in the volume of world exports slowed down to 3.4 per cent, from 5.2 per cent in 1992. The world trade system, however, was given a big boost by the successful completion of the Uruguay Round of multilateral trade negotiations towards the end of the year, after seven years of negotiations.

Several positive developments have partially offset the slow-down:

(a) Economic reform remained a major concern for a number of countries and gained momentum in 1993. Overall, the impact of economic reform on internal and external balances has been positive. Jordan, for example, managed to achieve for the second year running a positive and significant growth in its gross domestic product (6 per cent); hold down the rate of inflation at below 5 per cent; reduce unemployment by about 4 percentage points to 11 per cent; improve the overall budgetary situation by launching the first ever deficit-free budget in the history of the kingdom (in 1994) and have current expenditures and a large part of investment expenditures met from domestic revenues; and reschedule debts owed to the Paris Club estimated at $650 million and reach agreement with London Club creditors on restructuring debts amounting to $895 million. Similarly, Egypt recorded a further decline in the budget deficit and lowered the inflation rate further. Egypt also reached an accord with the International Monetary Fund (IMF) whereby it obtained a three-year loan of $569 million to support its efforts to open up and reform its economy, which made possible the forgiveness of a second tranche of 15 per cent of its debt to the Paris Club members, estimated at $25 billion, under an agreement reached in 1991 by which the Paris Club agreed to write off 50 per cent of Egypt's foreign debt, contingent on its satisfying IMF conditions.

(b) The prospects and performance of the Lebanese economy continued to improve in 1993, as reflected in a number of significant initiatives and indicators, including the following: launching of the $1.8 billion Lebanese Company for the Development and Reconstruction of Beirut Central District (SOLIDERE); improved prospects for external financing of reconstruction and rehabilitation, reflecting improved donors' confidence; and positive developments in virtually all the basic growth indicators.

(c) With the exception of Iraq and Yemen, inflation in the region has been held in abeyance, ranging between 1 and 4 per cent in the countries that are members of the Gulf Cooperation Council (GCC), and between about 5 and 12 per cent in the other countries.

(d) There have been good agricultural harvests, notably in the Syrian Arab Republic.

(e) Kuwait has restored oil-production capacity to pre-crisis levels, leading to a sharp rise in oil revenues.

(f) The decline in oil prices and revenues notwithstanding, the GCC economies have continued to benefit from the rise in domestic demand and generally buoyant private sector activity.

(g) Significant private sector capital repatriation has been reported for both Lebanon and Saudi Arabia.

The aggregate GDP of the GCC countries is estimated to have grown by about 3.3 per cent in 1993, compared with 7.5 per cent in 1992. The lower growth recorded could largely be attributed to the poor performance of the oil sector, with the exception of Kuwait, which continued, for the second year, to increase significantly its oil production and revenues. The slow-down was less pronounced in the more diversified economies where GDP growth slowed down from 5.6 per cent to 4.1 per cent. The GDP of the least developed member country, Yemen, declined by 1 per cent.

Total identified external debt of the ESCWA region is estimated to have risen from $180 billion in 1992 to $186 billion in 1993, representing about 62 per cent of the region's aggregate GDP. However, the main debtor countries in the region were faced with less severe debt problems in 1993, compared with the past few years. Egypt benefited from the debt-reduction schemes of the Paris Club, while Jordan signed, in late 1993, a Brady-style agreement with commercial banks for debt and debt-service payments reduction.

Oil production in the ESCWA region increased in 1993 by 4.5 per cent to 15.6 million barrels per day (mb/d), up from 14.9 mb/d in 1992, raising the region's share in total world production to 24 per cent, up from 22.9 per cent in 1992. However, the overall increase was unevenly distributed among member countries. While Kuwait managed to increase its daily production by 75.5 per cent and the Syrian Arab Republic by 7.5 per cent, production declined in Saudi Arabia and the United Arab Emirates by 2.3 and 2.1 per cent, respectively.

Under the impact of unfavourable demand and price developments, the region's oil revenues in 1993 declined to $72.5 billion, down from $78.1 billion the year before. Kuwait and the Syrian Arab Republic managed to increase their oil revenues by 46.8 and 12.6 per cent, respectively, owing to higher output.

Fiscal developments in the ESCWA region in 1993 were still affected by the ramifications of the Gulf crisis and the sharp drop in oil revenues in the major oil-exporting countries. In the GCC countries, the drop in oil revenues, which constituted most of the budget revenues, complicated the financial situation of those countries and added to the budget burdens, particularly in Saudi Arabia and Oman, as reflected in the significant increase in projected budget deficits. On the other hand, fiscal developments in the countries with more diversified economies, with the exception of Yemen and Iraq, showed lower than projected budget deficits.

Banks in the ESCWA region continued to be faced with pressure to maintain an internationally accepted capital-adequacy ratio of at least 8 per cent.

Most banks in the region raised their capital, either through their own resources or by placing equities in the market. They continued to suffer from a mounting burden of non-performing loans, most of which were contracted during the 1980s and estimated at about $25 billion.

The combined current account balance of the ESCWA region (excluding Iraq, Lebanon, Qatar, the United Arab Emirates and Yemen, for lack of data) registered a deficit of $19.6 billion in 1992, a considerable improvement compared to the $39.3 billion deficit recorded in 1991. This relative improvement came about as the GCC countries reduced their deficit from $42.4 billion to $21.7 billion, owing mainly to the significant drop in services and unrequited transfers deficits.

The region's international reserves (excluding Iraq, the Syrian Arab Republic and Yemen) rose from $36.4 billion in 1991 to about $38 billion in 1992. The improvement was totally attributed to a rise of $5.5 billion in Egypt's reserves, offsetting the $3.8 billion drop in those of the GCC countries. During the first nine months of 1993, the region's international reserves dropped by $1.9 billion, reflecting a further deterioration in GCC countries reserves (excluding Oman), whereas the reserves of other ESCWA countries increased by $0.7 billion.

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I. OVERALL ECONOMIC PERFORMANCE

1. The overall economic performance of the ESCWA region slowed down considerably in 1993. Aggregate GDP is estimated to have grown by 3.5 per cent, compared with 6.6 per cent in 1992. All countries, however, with the exception of Qatar and Yemen, achieved positive growth rates in 1993.

2. Several developments have contributed to the overall slow-down in economic activity in the region. They include: (a) lower oil prices and revenues; (b) depressed export performance; (c) continuation of economic sanctions against Iraq, which not only exacerbated the country's difficulties in getting the economy back on a growth track, but also harmed other countries that have traditionally maintained close economic ties with it; (d) attacks on tourists in Egypt, which not only depressed activity in a key sector directly, but have also affected negatively the confidence of investors - especially foreign investors - in the economy; (e) persistence of the political crisis in Yemen; (f) the generally depressed state of regional cooperation, despite some reconciliatory tendencies; and (g) the limited progress achieved in mobilizing resources for reconstruction.

3. International economic developments were mostly unfavourable. World output grew by a mere 1 per cent in 1993, while growth in the volume of world exports slowed down to 3.4 per cent, from 5.2 per cent in 1992. The world trade system, however, was given a big boost by the successful completion of the Uruguay Round of multilateral trade negotiations towards the end of the year, after seven years of negotiations. In addition to the expected increase in the volume of world trade and output, a more lasting and significant contribution of the Uruguay Round is, perhaps, the creation of the World Trade Organization, which is expected to guarantee fair trade and the settlement of trade disputes.

4. Several positive developments have partially offset the slow-down:

(a) Economic reform remained a major concern in 1993 for a number of countries in the ESCWA region and gained further momentum. Egypt and Jordan continued to pursue policies advocated by the International Monetary Fund and the World Bank, aimed essentially at the correction of macroeconomic imbalances (stabilization) and at putting their economies on a sustainable economic growth path (adjustment). 1/ Lebanon pursued essentially a stabilization policy, which is implicitly in line with the prescriptions of the Bretton Woods institutions, while the Syrian Arab Republic continued to pursue policies it had initiated earlier and aimed at gradually opening up and deregulating the economy, as well as according greater importance to the private sector in economic activity and in influencing economic decisions through consultation with its representatives. In Saudi Arabia, a major focus of policy in 1993 was the "reorientation of the economy from growth based on public sector initiatives to one where the private sector takes the lead". 2/

In Egypt, the problems related to the deregulation of the economy and reducing the size and scope of government involvement by means of privatization assume greater importance in the reform package agreed to in view of the size and extent of public sector involvement in economic activity. The magnitude of

the task and differences with the sponsoring institutions regarding the pace of privatization and trade liberalization have held down agreement with the International Monetary Fund for several months on the second phase of economic reform, with negative impact on economic growth and the state of investors' confidence because of the uncertainty the delay generated. Moreover, Egypt has had to cope with the social impact of the reform measures on a much larger poor population. The setting up of an Emergency Social Fund (ESF), with financing amounting to $613 million spread over five years notwithstanding, according to a report prepared by the United Nations Conference on Trade and Development (UNCTAD), "the poorest appear to be a minority among ESF beneficiaries, while the bulk of its operations benefited well-organized and vocal urban middle-income groups." 3/

Overall, the impact of economic reform on internal and external balances has been positive. Jordan, for example, managed to achieve for the second year running a positive and significant growth in its gross domestic product (6 per cent); hold down the rate of inflation at below 5 per cent; reduce unemployment by about 4 percentage points to 11 per cent; improve the overall budgetary situation by launching the first ever deficit-free budget in the history of the kingdom (in 1994) and have current expenditures and a large part of investment expenditures met from domestic revenues; and reschedule debts owed to the Paris Club estimated at $650 million and reach agreement with London Club creditors on restructuring debts amounting to $895 million. Similarly, Egypt recorded a further decline in the budget deficit and lowered the inflation rate further. Egypt also reached an accord with the International Monetary Fund, whereby it obtained a three-year loan of $569 million to support its efforts to open up and reform its economy, which made possible the forgiveness of a second tranche of 15 per cent of its debt to the Paris Club members, estimated at $25 billion, under an agreement reached in 1991, by which the Paris Club agreed to write off 50 per cent of Egypt's foreign debt contingent on its satisfying IMF conditions.

(b) The prospects and performance of the Lebanese economy continued to improve in 1993, as reflected in a number of significant initiatives and indicators:

(i) Launching of the $1.8 billion Lebanese Company for the Development and Reconstruction of Beirut Central District (SOLIDERE) and the over-subscription of the share offer of $650 million by about $270 million, with nearly one half of the total coming from deposits held by Lebanese abroad, thus re-enforcing the trend towards capital repatriation;

(ii) Improved prospects of external financing of reconstruction and rehabilitation, reflecting improved donors' confidence. Indicative in this respect are contributions coming from the World Bank, the European Investment Bank and national and regional funds, and the resumption by Germany and the United Kingdom of Great Britain and Northern Ireland of guaranteeing exports to Lebanon;

(iii) Virtually all basic growth indicators were positive: an overall growth rate estimated at about 7 per cent, compared to 5 per cent in 1992; a stable rate of exchange of the Lebanese pound, with a slight tendency towards improvement; a sharp drop in the inflation rate, from about 130 per cent in 1992 to about 9 per cent in 1993, helped by favourable developments in the exchange rate and lower growth in the money supply; some reduction in the extent of dollarization of the economy; significant improvement in the balance-of-payments situation, with an overall surplus of about $1.1 billion (including amounts transferred to finance subscriptions in SOLIDERE), compared to a surplus of only $54 million in 1992, and a rise in foreign exchange holdings of the Bank of Lebanon, from about $1.5 billion at the end of 1992 to $1.7 billion at the end of 1993; improved public finances with a sharp rise in revenues from improved collection and higher economic activity, especially construction, where building permits are estimated to have exceeded 12 million square metres, or about one sixth of total built area in the country; and a rise in the consolidated balance sheet of the banking system, from $7.9 billion at the end of 1992 to $11.9 billion at the end of 1993.

(c) With the exception of Iraq and Yemen, inflation has been held in abeyance, ranging between 1 and 4 per cent in the GCC countries, and between about 5 and 12 per cent in the other countries.

(d) There have been good agricultural harvests, notably in the Syrian Arab Republic.

(e) Kuwait has restored oil-production capacity to pre-crisis levels, leading to a sharp rise in oil revenues.

(f) The decline in oil prices and revenues notwithstanding, the GCC economies continued to benefit from the rise in domestic demand and generally buoyant private sector activity.

(g) Significant private sector capital repatriation has been reported for both Lebanon and Saudi Arabia.

5. The aggregate GDP of the GCC countries is estimated to have grown by about 3.3 per cent in 1993, compared with 7.5 per cent in 1992. The lower growth recorded in the GCC countries could largely be attributed to the poor performance of the oil sector, with the exception of Kuwait, which continued, for the second year, to increase its oil production and revenues significantly, despite the drop in oil prices in 1993. The oil sector in the rest of the GCC countries is estimated to have declined by more than 10 per cent in 1993, thus negatively affecting public expenditure, while growth in the non-oil sector failed to compensate for the decline.

6. The highest growth rate (25 per cent) among the GCC countries was achieved by Kuwait, the only country in the group that managed to increase its oil production and revenues sharply in 1993, and to continue its recovery in reconstruction and rehabilitation.

7. The Bahraini economy is estimated to have grown by 2 per cent in 1993 - the same rate as in 1992. Oman witnessed a decline in its economic growth in 1993, to 4.0 per cent, down from 6.8 per cent in 1992. In Saudi Arabia, GDP, which grew by 4.3 per cent in 1992, is estimated to have grown by about 1 per cent in 1993. In the United Arab Emirates, the overall growth rate of 1 per cent was attributed to the non-oil sector. However, the good performance of the non-oil sector failed to compensate for the slow-down in the oil sector.

8. The drop in oil revenues further worsened the financial position of some GCC countries and obliged them to resort to borrowing from international financial markets and to draw on their financial assets to meet the high costs related to defence, reconstruction and rehabilitation. The decline in oil prices and revenues has given additional impetus to the GCC countries' efforts to promote the non-oil sector by way of privatization. In addition, most GCC countries have undertaken measures aimed at rationalizing public expenditure, including cutting subsidies and introducing more realistic pricing systems for public goods and services.

9. Economic growth in the group of more diversified economies also slowed down in 1993, with the exception of Lebanon and the Syrian Arab Republic. The combined GDP of the group is estimated to have grown by 4.1 per cent in 1993, compared with 5.6 per cent in 1992.

10. Jordan is estimated to have achieved a growth rate of 6 per cent in 1993. While this represents a deceleration from the exceptionally high rate (11 per cent) achieved in 1992, it was still impressive taking into consideration the prevailing economic conditions in the region. Success in implementing economic reform and structural adjustment policies enabled the country to reduce its external and internal imbalances and create a favourable investment climate. Workers' remittances are believed to have increased in 1993 as a result of the return of some Jordanian nationals to the GCC countries and/or their finding other employment outlets. Unemployment, however, continued to be a major problem.

11. The Egyptian economy is estimated to have grown by 1.8 per cent in 1993, compared with 3 per cent in 1992. This is attributed to lower oil and tourism revenues, as well as a contraction in investment activities. The tourist industry, which represents an important source of foreign exchange, has been hit by attacks on foreigners, thus reducing tourism revenues by about 30 per cent in 1993. Despite the significant results achieved in reducing macroeconomic imbalances, the privatization process, trade liberalization and regulation of the labour market are still facing difficulties, which in turn have limited private investment opportunities, hence negatively affecting overall economic growth. Unemployment, one of the major problems facing the Egyptian economy, has not improved.

12. Iraq's economic and social conditions continued to deteriorate as a consequence of the Gulf war and the effect of United Nations sanctions, as reflected in the depreciation of the Iraqi dinar, high inflation and shortages in foodstuffs, medicine and intermediate products.

13. In Lebanon, GDP is estimated to have grown by 7 per cent in 1993, up from 5 per cent in 1992, reflecting the consolidation of security and political stability which contributed to improving the investment environment in the country and increasing donors' confidence.

14. In the Syrian Arab Republic, GDP is estimated to have grown by 6 per cent in 1993, from 5 per cent in 1992. The continued good performance of the Syrian economy has been stimulated by economic reform policies, which promoted private sector investment, a good agriculture harvest and the reduction of the budget deficit and the gradual elimination of price distortions.

15. In Yemen, the least developed member in the region, GDP is estimated to have declined by 1 per cent in 1993, owing to the political crisis that aggravated economic conditions and reduced external financial resources (workers' remittances and aid). Shortages in foreign currency and a widening budget deficit resulted in a higher inflation rate (more than 55 per cent), sharp depreciation of the exchange rate and increased unemployment to more than 25 per cent.

16. With the exception of Iraq and Yemen, inflation in the region has been held in abeyance, ranging between 1 and 4 per cent in the GCC countries, and between about 5 and 12 per cent in the other countries. In Egypt, the rate of inflation reached a three-year low of 7.4 per cent in the year ending January 1994. In Lebanon, the rate of inflation dropped to 8.9 per cent - its lowest level in 10 years - from 13.1 per cent in the previous year. Inflation in Jordan fell to below 5 per cent. The rate of inflation in the Syrian Arab Republic, in contrast, rose from 9 per cent in 1992 to 12 per cent in 1993; a contributing factor to that increase was the gradual elimination of subsidies. Iraq continued to suffer from excessively high inflation rates. The political stalemate in Yemen accentuated the pressure on the rate of exchange and pushed the rate of inflation to 55 per cent.

17. Although significant progress has been achieved in reducing macroeconomic imbalances in some of the more diversified economies, especially Egypt and Jordan, unemployment remained a major problem. The slow-down in economic activity in Egypt and the returnees from the Gulf exacerbated the unemployment problem. While official estimates put the unemployment rate at about 12 per cent of the labour force, unofficial estimates put it as high as 20 per cent. In Jordan, high economic growth and the significant success achieved in reducing external and internal imbalances contributed to the reduction in the unemployment rate to about 11 per cent. In Yemen, the continued political crisis aggravated economic and social conditions and accentuated the unemployment problem; the unemployment rate has been put unofficially at about 25 per cent in 1993.

II. SECTORAL DEVELOPMENTS

18. The oil sector, which remains the major determinant of the level of economic activity in the region, performed poorly in 1993, despite higher production levels.

19. Production of oil in the ESCWA region increased in 1993 by 4.5 per cent to 15.6 mb/d, up from 14.9 mb/d in 1992, raising the region's share in total world production from 22.9 to 24 per cent. However, the overall increase was unevenly distributed among member countries; while Kuwait managed to increase its average daily production by 75.5 per cent, and the Syrian Arab Republic by 7.5 per cent output declined in Saudi Arabia and the United Arab Emirates by 2.3 and 2.1 per cent, respectively. Iraq continued to be prevented by United Nations economic sanctions from exporting oil, with the exception of the 50,000 barrels per day exported to Jordan in debt repayment.

20. In 1993, oil prices averaged $16.3 per barrel, their lowest level in four years, representing a decline of 11.3 per cent from $18.4 per barrel the year before. The underlying factors include lower than expected world demand (demand declined in 1993 by 0.2 per cent); inability of the Organization of the Petroleum Exporting Countries (OPEC) to agree on lower production ceilings; higher output by non-OPEC members; and speculation about lifting of sanctions against Iraq's oil exports.

21. Under the influence of these unfavourable demand and price developments, oil revenues in the ESCWA region declined by 8.2 per cent, that is, from $78.1 billion in 1992 to $72.5 billion in 1993. Kuwait and the Syrian Arab Republic managed to increase their oil revenues by 46.8 and 12.6 per cent, respectively, owing to higher production. The drop in revenues in the other oil-exporting countries ranged from 18.6 per cent in Qatar to 15.9 per cent in Saudi Arabia, 8.3 per cent in Egypt and 2 per cent in the United Arab Emirates.

22. OPEC policy in 1993 continued to focus on defending its market share, reflecting the financial constraints facing most of the organization's members, and its inability to agree with non-OPEC oil producers on output levels that reflect a more favourable balance between supply and demand. Competition over market shares has also prevented OPEC members from agreeing among themselves so as to reduce output and redistribute quotas in line with the realities of the market.

23. Proved oil reserves in the ESCWA region declined by 0.4 per cent in 1993 to 572.3 billion barrels, accounting for 74.1 and 57.3 per cent of OPEC and world total reserves, respectively. Proved reserves of Saudi Arabia, estimated to have declined by 0.6 per cent to 258.7 billion barrels, accounted for 45.2 per cent of the ESCWA total, 33.5 per cent of the OPEC total and about 26.0 per cent of that of the world. Oil reserves in Iraq remained unchanged in 1993, at 100 billion barrels, followed by the United Arab Emirates, 98.1 billion barrels, and Kuwait, 94 billion barrels. Proved oil reserves in the ESCWA region can sustain the current level of oil production for another 100.6 years, compared with 82.8 years for the OPEC countries as a group and only 42.1 years for the world.

24. With respect to the oil-refining industry, a number of projects are under way to build new and expand existing refineries. Egypt is considering expanding its refining capacity to meet the expected increase in demand. It envisages an expansion programme costing $1.2 billion during the next few years. In Saudi Arabia, the increase in refining capacity in Yenbu by 130,000 b/d is expected to be completed in 1995. Other projects in the region include

expanding the United Arab Emirates refinery in Ruwais by 160,000 b/d and upgrading and expanding the Aden refinery in Yemen by adding 70,000 b/d to existing capacity, with plans to build a new refinery in Mukalla with a capacity of 100,000 b/d. The reorganization of Saudi Arabia's refining industry, where the refinery company SAMAREC was taken over by ARAMCO, will create one of the world's largest oil and refining companies.

25. The gas reserves of the region increased from 20,730 billion cubic metres (bcm) in 1990 to 24,619 bcm in 1993, that is, an increase of 18.9 per cent over a three-year period, to account for about 17 per cent of the world total. Countries with large reserves pursued export strategies. Oman, where gas reserves more than doubled during the past two years, is preparing a feasibility study for exporting liquified natural gas (LNG) to southern Europe and plans to export gas to India. Marketed production of natural gas in Qatar has increased by more than 79 per cent since 1990. The export-oriented phase of the North Field Development Project, currently under way, includes building pipelines, liquefaction and shore facilities. Qatar possesses more than 20 per cent of the ESCWA region's natural gas reserves, most of which are located in the North Field. Saudi Arabia's marketed production of natural gas has increased modestly in recent years, though reserves have remained largely unchanged. Gas is used as a feedstock in Saudi Arabia's petrochemical industry, as well as for domestic consumption. In the United Arab Emirates, marketed production has increased by almost 50 per cent since 1990, though much of it is for domestic consumption. Abu Dhabi and Sharja are the main producers of gas in the United Arab Emirates. Industries and electricity-generating plants are switching to natural gas as an energy source throughout the country, owing to its cost-effectiveness and being environment friendly. The United Arab Emirates undertook plans to expand its LNG facilities during 1993 in response to a Japanese undertaking to double its purchases over the next 25 years.

26. The agricultural production index of the region was 2.6 per cent higher in 1993 than in 1992, albeit with wide intercountry differences. The index was higher in Iraq, the Syrian Arab Republic, Lebanon, Egypt and Yemen, by 7.5, 4.8, 3.8, 2.6 and 1.2 per cent, respectively, and lower in Jordan and Saudi Arabia, by 5.9 and 0.5 per cent, respectively. The region's food production index increased by almost 3 per cent in 1993. Cereal production was estimated at 29.3 million tons, representing a 7.5 per cent increase over 1992, mainly as a result of an expansion in cereal production in the Syrian Arab Republic of 30 per cent and, in Iraq, of 9.1 per cent.

27. Wheat production grew by 4.7 per cent in 1993, to 13.7 million tons, up from 13.1 million tons in 1992. The Syrian Arab Republic achieved the largest growth rate (21.5 per cent), followed by Iraq (18 per cent) and Egypt (3.6 per cent); however, wheat production declined in Jordan, Saudi Arabia, Yemen and Lebanon, by 29.3, 8.5, 7.9 and 3.8 per cent, respectively.

28. The rate of industrialization in the region continued to advance during the past few years, albeit at a slower pace, still influenced by the aftermath of the Gulf crisis. Greater emphasis is being given in most countries of the region to export-oriented small- and medium-scale private industries, with increased interest in the GCC subregion in downstream operations to accelerate the diversification of their economies.

29. The expansion of industrial capacity, particularly in the GCC subregion, and the industrial capacities that were built in heavy industries therein - such as petrochemicals and basic metal industries - have created good opportunities for further expansion in downstream industries, and for a more integrated subregional industrial sector, with better prospects for small- and medium-scale private and foreign manufacturing investment. The prevailing systems of cost and revenue incentives, and the attempts to improve the investment environment in the GCC countries, should help to realize part of these potentials. To this effect, additional benefits are granted to foreign investors in most countries of the ESCWA region to help upgrade the industrialization process with improved technologies, management and marketing techniques.

30. The relative contribution of the sector, however, has declined from 11.0 per cent of GDP in 1989 to 9.7 per cent in 1991. This was largely due to the devastating effects that the Gulf war had on the industrial sector in both Iraq and Kuwait. The manufacturing sector in the region continued to be constrained by the size of the domestic market, contraction in aggregate demand, loss of some traditional markets and increased difficulties to access new markets, owing to the current world economic recession, stiff competition from industrialized countries and protectionist measures against manufacturing products, particularly petrochemicals.

31. The region's exports and imports recorded noticeable increases in 1992, compared to 1991, despite the exclusion of Iraq from the world market owing to United Nations economic sanctions. Total exports reached $99.2 billion in 1992, reflecting a 10.3 per cent growth over 1991; while imports increased by 16 per cent, that is, more than double their rate of increase in 1991, to reach $87.1 billion. The $9.3 billion increase in exports was totally attributed to the GCC countries, as exports of other ESCWA countries declined slightly. Apart from Bahrain, all GCC countries participated in the increase, particularly Kuwait, where exports rose from just over $0.5 billion in 1991 to $6.5 billion in 1992. The second major contributor was Saudi Arabia, with an increase of about $2 billion. On the import side, all member States contributed to the increase of about $10 billion, the bulk of which, however, was recorded by the GCC countries, mainly Saudi Arabia ($4.5 billion) and the United Arab Emirates ($3.6 billion), owing to the continued high level of economic activities following the Gulf war. The imports of other ESCWA countries increased by $2.7 billion in 1992.

32. As imports increased faster than exports, the region's ability to finance imports from the proceeds of exports deteriorated further in 1992 compared to the previous two years, with the region's export/import ratio declining from 1.44 and 1.21 in 1990 and 1991, respectively, to 1.14 in 1992.

33. Partial and preliminary data on the geographic distribution of the region's trade up to June 1993, show no major departure from previous years. Developed market economies remained the region's main trading partners, followed by other developing countries. However, the importance of developed market economies in the region's total exports declined from an average of 54 per cent in 1992 to 51.3 per cent in 1993, while the share of other developing countries recorded the highest level (26.3 per cent) since 1985. The share of intraregional exports of 10 per cent was slightly below that of 1992. The share of the former

centrally planned economies dropped in 1993 by more than 40 per cent below the 1992 level, to 1.3 per cent, as difficulties, including contraction in economic activity and foreign exchange shortages accompanying the transition process in many of them, continued.

34. On the import side, the developed market economies continued to supply more than 60 per cent of the region's import requirements. The share of the United States of America increased from 11.5 per cent in 1990 to 15.9 per cent in 1991, 16.8 per cent in 1992 and 17 per cent in 1993. Intraregional imports, which rose from 6 per cent in 1992 to 6.3 per cent in 1993, remained considerably below their pre-Gulf crisis (1989-1990) level of 10.4 per cent.

35. The combined current account balance of the region (excluding, for lack of data, Iraq, Lebanon, Qatar, the United Arab Emirates and Yemen) recorded a deficit of $19.6 billion in 1992, compared to a deficit of $39.3 billion in 1991. The relative improvement came about as the GCC countries reduced their deficit from $42.4 billion to $21.7 billion, owing to a significant drop in the deficit in services and unrequited transfers, while the surplus of the more diversified economies dropped from $3.1 billion to $2.1 billion.

36. The region's international reserves (excluding Iraq, the Syrian Arab Republic and Yemen) rose from $36.4 billion in 1991 to about $38 billion in 1992. The improvement was totally attributed to a rise of $5.5 billion in Egypt's reserves, with the GCC countries' reserves dropping by $3.8 billion. During the first nine months of 1993, the region's reserves dropped by $1.9 billion, reflecting further deterioration in the international reserves of the GCC countries (excluding Oman) from $19.4 billion to $18.4 billion, whereas the reserves of other ESCWA countries increased by $0.7 billion.

37. Higher imports, coupled with a slight decline in reserves, reduced the region's ability to provide for imports in 1992, compared to 1991, with the reserves/import ratio dropping from 5.86 months to 5.23 months.

38. Available information for 1993 relating to oil exports and exports from Egypt and Jordan point to a decline in total exports from the region. Imports, however, are likely to have continued to increase, partly because of the high level of economic activity in the GCC non-oil sector and the higher demand recorded in Egypt, Jordan and Lebanon.

39. The external debt of the ESCWA region is estimated to have risen from $180 billion in 1992 to $186 billion in 1993, representing 62 per cent of the region's aggregate GDP of about $298.8 billion. Compared with other developing countries, the ESCWA region is considered to be heavily indebted in terms of both GDP and exports of goods and services. While the aggregate GDP of the region and its export of goods and services constituted about 5.6 and 6.2 per cent of total developing countries' GDP and exports of goods and services, respectively, its external debt constituted about 11.5 per cent of that of the developing countries. The region as a whole faced fewer external debt-related problems in 1993. Egypt benefited from the debt-reduction schemes of the Paris Club following agreement with the International Monetary Fund whereby it was forgiven of a second tranche of 15 per cent of the debt owed to the group of about $25 billion. In late 1993, Jordan also signed a Brady-style

agreement with commercial banks for a debt and debt-services payments reduction, where the terms involved par and discount bonds and a limited debt buy-back option.

40. Despite forgiveness of a significant part of the external debt of Egypt, and, to a lesser extent, of that of Jordan and Yemen, the increase in the region's external debt during the past two years is attributed to the rise in the GCC countries' debt, which, in 1993, constituted about 60 per cent of the region's total external debt and was mostly commercial and medium-term (about 70 per cent of the total). Reduced foreign reserves and the need to finance budget deficits also forced the GCC countries to resort to external borrowing. The drop in oil prices and revenues augmented the pressure on financial resources that the Gulf crisis triggered, obliging especially Saudi Arabia and Kuwait to finance public investments and balance-of-payments deficits through external borrowing.

41. Fiscal developments in the GCC countries in 1993 were still affected by the ramifications of the Gulf crisis, with some of these countries either drawing on their foreign resources or borrowing from domestic and international financial markets to finance budget deficits. The drop in oil revenues added to the budget burdens of these countries, especially Saudi Arabia, Kuwait and Oman, as reflected in the significant increases in the 1993 projected budget deficits. The expectation of continued pressure on oil prices in 1994 has prompted most of the GCC countries to consider significant cuts in public expenditures, with Saudi Arabia, for example, planning a cut of 20 per cent, mostly subsidies, by cutting purchases of cereals, which account for most of the budget subsidies. Other measures aiming at reducing the burden of budget deficits include increased efforts concerning the introduction of a taxation system in some countries, as well as privatization of public sector enterprises in others. Kuwait is considering a new system of fees, duties and stamps and a more realistic pricing system for public goods and services, as well as privatization of the telecommunications services and the electricity power station in Shuaiba.

42. In the more diversified economies, fiscal developments in 1993 were characterized by significant differences between individual countries. While in Jordan and Lebanon the estimated 1993 deficits reflect lower spending and higher revenues than previously projected, hence resulting in a lower than projected deficit, the estimated 1993 deficit for Yemen turned out to be more than double the one projected. The 1993 budgets of most countries in the group were intended to be deflationary, with expenditures increasing at rates below inflation, thus reflecting the intention to reduce budget deficits in the light of the reduced availability of financial resources, particularly from the GCC countries. The more diversified economies continued in 1993 to seek alternative means to finance their budget deficits, either by increasing budget revenues or by reducing expenditures, through reduction in subsidies or payments on servicing domestic as well as external debt, with the former being made through lowering the domestic interest rate, and the latter through rescheduling or forgiveness.

43. Banks in the ESCWA region continued in 1993 to suffer from a mounting burden of non-performing loans, most of which were contracted during the 1980s. These loans, estimated to be about $25 billion at the end of 1993, constituted

close to 35 per cent of total bank lending, about 9 per cent of total bank assets and five times the combined profit of banks in Western Asia.

44. Stock markets in the ESCWA region are increasingly being recognized as an essential prerequisite for financial and economic development, especially in countries where the dominant role of the State in economic activities has been on the wane. The opening-up of the economy in a number of ESCWA countries to market forces has given closely held companies the opportunity to raise funds from non-traditional sources, thus paving the way for financial institutions to diversify their lending and investment portfolios.

45. Stock markets in the region have experienced a surge during the past few years. The value of traded shares amounted to about $7.6 billion in 1993, an increase of 31 per cent over 1992 and 65 per cent over 1991, and the number of shares to about 680 million, up by about 7 and 19 per cent, respectively.

46. Owing to the improved level of activities and dealing standards at the Jordanian stock market, the International Finance Corporation has ranked this market as an emerging one among the 20 other markets in the developing countries in 1993. The Saudi stock market has developed to become the largest in the ESCWA region, namely, in terms of capitalization, but remained closed to foreign investors. Plans are under way to make the Bahraini stock market an international one by permitting the listing of foreign companies and allowing foreigners to buy and sell shares of these companies, in addition to investing in shares of local companies. In Egypt, although more than 670 companies were listed on the Cairo stock exchange at the end of 1993, with about $2.7 billion market capitalization, only part of their shares were permitted on the floor, thus reducing the market capitalization to about $1 billion. The Government of Egypt is planning to modernize the trading system at the Cairo stock exchange and introduce new legislation to regulate its activities.

47. Economic prospects for the region in 1994 will be shaped by a number of developments, including (a) the situation in the oil market; (b) maintaining the momentum of economic reform; (c) the pace of reconstruction and rehabilitation; (d) developments with respect to the sanctions imposed on Iraq; (e) resolving the political stalemate in Yemen; (f) containing the developments adversely affecting Egypt's tourism industry; and (g) progress in the peace process. While it is difficult to predict the course of events, it appears that developments in the oil markets are likely to remain unfavourable, while those regarding reconstruction (Lebanon, in particular) and economic reform will be favourable.

III. SOCIAL DEVELOPMENTS

48. While the quality of life in the region has continued to improve in general, rapid political, economic and social developments have increased the gap between the rich and the poor in some countries where the benefits of development have not been equitably shared. The majority of the poor and the rural population continue to be deprived and marginalized in most countries of the ESCWA region. The gap has been aggravated by structural imbalances and income disparities among countries of the region, between rural and urban

populations, and across populations. Inequitable distribution of resources at the regional level, inadequate energy supplies, water shortages, lack of food security and external debts in some countries of the region have further aggravated the problem of poverty. In the field of social welfare, the poor have been suffering from an inequitable distribution of benefits and services, unemployment and increasing poverty. In Jordan, for instance, the number of families living below the poverty line rose by 6.6 per cent in 1992, to 21.3 per cent of the total number of households in the country, up from 18.7 per cent in 1989. In Iraq, the increasing impoverishment of the majority of the population, and the Government's reduced ability to act as a welfare State owing to economic sanctions, have created new economic and social conditions.

49. During the past few decades, there has been a significant improvement in the basic health conditions of children in the ESCWA region. The mortality rates of children under five have decreased significantly in all countries of the region. However, in spite of the improvement in their basic health conditions, children continue to suffer from malnutrition in poor and war-torn communities of the region, particularly in Iraq, where the impact of the Gulf crisis on their situation persists.

50. The youth population in the region accounts for a high share of the unemployed. Education in the region is geared towards "prestigious" occupations rather than technical and vocational training. This situation has resulted in surplus labour in certain occupations that could not be absorbed within the labour market at the national and regional level; with long durations of unemployment, young people face the danger of economic and social marginalization.

51. Although the countries of the region have made good progress in channelling human and physical resources towards the objectives of prevention of disability and care for the disabled, the majority of disabled persons, particularly in rural areas, are marginalized from the mainstream of development in the ESCWA countries.

52. The traditional causes for impairment have been declining in relative importance owing to improved education and health care, whereas the magnitude of disability-related problems in the region has been increasing in size and scope recently as a result of armed conflicts, civil unrest and the suppression of the Palestinian population in the occupied territories.

53. Women in the ESCWA region have been able to achieve encouraging results in the areas of education, health and employment. However, minimal progress has been attained in creating legal awareness and raising the status of women to decision-making levels. This may be largely attributed to the impact of political instability, conflicts and socio-economic turmoil that has characterized the region for decades.

54. Women's literacy rates have reached new heights during the past years, ranging from 83 per cent in the case of the former Democratic Yemen and an average of about 70 per cent for Jordan, Kuwait and Lebanon, to a low of 34 per cent in Egypt and 28 per cent in Yemen. The literacy gap between males

and females has narrowed considerably owing to new policies such as "Education for All" encouraging higher enrolment of females in schools. In addition, expenditures on education as a percentage of total expenditures have increased substantially reflecting greater awareness by member countries of the importance of human development. In rural areas, however, the situation remains critical.

55. Overall health indicators for women have also been improving, including maternal and female infant mortality. Serious efforts by member Governments have been exerted to improve health standards. Policies and measures were adopted and applied with assistance from international specialized agencies to ensure higher standards of health. Most of the Gulf countries and a number of ESCWA countries with socialist tendencies (Egypt, Iraq, the Syrian Arab Republic and former Democratic Yemen) have pursued welfare policies and provided free health services to citizens. Public expenditure on preventive and curative health services as a percentage of total expenditure increased, as did the number of hospitals and expenditure on the acquisition of medical equipment and technology. This has had a positive impact on the overall health situation and access to health facilities in the region, in particular on infant and maternal mortality, fertility, life expectancy (e.g., for women in the Gulf countries, life expectancy is between 72 and 75 years). Family planning has become more acceptable in the region as literacy rates and better health are positively correlated with lower birth rates.

56. Political instability, compounded by increasing economic vulnerability and external dependence, together with inappropriate laws and legislation, have, to a great extent, limited the contribution of women to economic activity and withheld their full integration into the process of development in Western Asia.

Macroeconomic indicators for the ESCWA region, 1991-1993

	1991	1992	1993 a/
Gross domestic product (GDP) (billions of US dollars) b/	270.6	288.8	298.8
GDP growth rate (percentage)	(11.4)	6.8	3.5
External debt (billions of US dollars)	157.2	180.0	186.0
Debt-service payment (billions of US dollars)	15.4	16.2	16.5
External debt/GDP (percentage)	58.2	60.3	71.5
Exports (billions of US dollars)	89.9	87.1 c/	..
Imports (billions of US dollars)	74.6	99.2 c/	..
Balance of trade (billions of US dollars)	15.3	12.1 c/	..
Current account balance (billions of US dollars)	(37.8)	(19.6) d/	..
International reserves (billions of US dollars)	36.4	37.9	36.1 e/
International reserves/import ratio (months)	5.9	5.2	..
Oil production (millions of barrels per day)	13.8	14.9	15.6
Oil revenues (billions of US dollars)	68.0	78.1	72.5
Proved oil reserves (billions of barrels)	574.9	574.8	572.3
Proved oil reserves/total world oil reserves (percentage)	58.0	57.7	57.3
Proved oil reserves/production (years)	112.5	105.2	100.6
Natural gas reserves/total world gas reserves (percentage)	16.7	17.0	17.0
Agricultural imports (billions of US dollars)	13.8	15.4	..
Agricultural exports (billions of US dollars)	2.4	2.6	..
Agricultural trade balance (billions of US dollars)	(11.4)	(12.8)	..

Source: Economic and Social Commission for Western Asia, based on national and international sources.

Notes: Parentheses () indicate deficit or negative.
Two dots (..) indicate data is incomplete or not available.

a/ Estimates.

b/ At constant 1985 prices.

c/ Excluding Iraq.

d/ Excluding Iraq, Qatar, Lebanon, United Arab Emirates and Yemen.

e/ End of September.

Notes

1/ See report of the Secretary-General on economic stabilization programmes in developing countries (A/48/380), box.

2/ "Economic outlook, 1994", The NCB Economist, Henry T. Azzam, ed., vol. 14, No. 1 (January 1994), p. 1.

3/ "Recent developments in social funds and safety nets", background note prepared by the UNCTAD secretariat (UNCTAD/PA/2), 22 November 1993, para. 65.

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ECONOMIC AND ENVIRONMENTAL QUESTIONS:
PUBLIC ADMINISTRATION AND FINANCE

Eleventh Meeting of Experts on the United Nations Programme in Public Administration and Finance

Report of the Secretary-General

SUMMARY

The present report contains the principal observations and recommendations, together with the comments of the Secretary-General thereon, of the Eleventh Meeting of Experts on the United Nations Programme in Public Administration and Finance (Geneva, October 1993). The Meeting reviewed current issues in public administration and finance in developing countries, paying special attention to countries in Africa and transitional economies; the United Nations work programme in public administration and finance; and technical cooperation activities of the United Nations in public administration and finance and prospects for technical cooperation among developing countries. The Meeting made recommendations for action at both national and international levels.

The Meeting noted that the 1990s would continue to present extraordinary and difficult challenges to public administration and finance systems throughout the world: national Governments were faced with myriad internal and external forces that created a complex environment for their decision-making. Although the challenges arose from diverse national situations and various external pressures requiring a pragmatic and differentiated approach for their solution, several common issues persisted, such as governance and

* E/1994/100.

accountability, better economic management, poverty alleviation, environment, improved performance and productivity of the civil service, expanded social services and the growing role of markets and the private sector. Countries facing these issues, including countries with economies in transition, were reviewing traditional roles and functions of government, aiming at economic recovery and improved social levels. The urgent need was to restructure and reorient government operations to ensure that public management was able to improve its performance and become more responsive and accountable to people's needs.

The Meeting reviewed those challenges and emphasized that public management and its major components would continue to play a vital role in national development. The Meeting recommended a number of policy and programme actions to strengthen management approaches, techniques and skills in relevant areas of public management. Those areas were governance and accountability; performance management of the civil service; decentralization and local government; financial management and revenue mobilization; government and the private sector; and information technologies in public management. The Secretary-General suggested that, within the framework of available resources, the recommendations should be reflected in the biennial work programme and any revisions needed should be proposed in the medium-term plan for the period 1992-1997.

The Meeting found that the programme activities in public administration and finance were in accordance with the priorities assigned by Governments and reflected public management concerns of developing countries. The Meeting also noted that strategic improvements in public management systems needed for the twenty-first century should be directed towards enhancing the productivity, effectiveness and responsiveness of governmental structures, improving governance and governmental accountability and promoting pragmatic linkages between government and private sectors.

The Meeting noted the critical role that the United Nations programme in public administration and development management should play in facilitating these strategic improvements in public management systems in developing and transitional economy countries in the 1990s and beyond. The Meeting also noted that various bilateral donors and international and regional development agencies were developing programmes of assistance for improving public management at the country level, and that there was an urgent need to reiterate the role of the United Nations central programme and urge closer collaboration with other more recently established programmes to improve and strengthen public management in developing countries, with emphasis on sub-Saharan Africa, the least developed countries and transitional economy countries. The Secretary-General agreed there was a need for closer collaboration between the United Nations central programme and the new programmes in public management initiated by other United Nations organizations.

It was recommended that the Twelfth Meeting of Experts be convened in 1995 to discuss the following topics: (a) issues and problems facing public administration and finance systems in developing and transitional economy

countries; (b) progress made in the implementation of the recommendations made at the Eleventh Meeting; and (c) review of the United Nations programme in public administration and finance. The Economic and Social Council may wish to approve this recommendation.

Subject to the approval of the Council, the Secretary-General made provision for the next review of the programme in the budget for the biennium 1994-1995.

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INTRODUCTION

1. The Eleventh Meeting of Experts on the United Nations Programme in Public Administration and Finance was held at the United Nations Office at Geneva from 6 to 14 October 1993 in accordance with Economic and Social Council decision 1992/287. Of the 25 experts invited from the different regions of the world, representing different systems and experiences in public administration and finance, 20 attended the Meeting. In addition, the Meeting was attended by representatives of regional commissions and other United Nations bodies, specialized agencies, interregional and regional institutions and non-governmental and other organizations.

2. The Meeting had the following terms of reference:

(a) To review major current issues in public administration and finance in developing countries, paying special attention to assisting Governments in strengthening the policy formulation process by improving government budgeting and accounting systems and improving training programmes for promoting human resource development;

(b) To review the United Nations work programme in public administration and finance;

(c) To review the technical cooperation activities of the United Nations in public administration and finance, with special reference to the prospects of technical cooperation among developing countries;

(d) To make appropriate recommendations for action at both the national and international levels.

3. On 5 October 1993, prior to the commencement of the Meeting, an informal inter-agency working group met to review the activities of the agencies related to their public administration and finance programmes and to consider common issues that the working group as a whole could recommend to the Meeting of Experts for priority consideration. The working group recommended that the Meeting of Experts devote special sessions to a discussion of the situation of public administration and finance in Africa and the public management situation in transitional economies. The working group noted the implementation gap of various developmental policies and programmes adopted at both the national and international levels, and recommended the review and analysis of appropriate measures for operational policies and action programmes at the national level.

4. The major recommendations of the Eleventh Meeting relate to challenges and priorities for public administration in developing and transitional economy countries; the United Nations programme in public administration and finance; emerging governance, public administration and finance issues as projected into the twenty-first century; and the timing and scope of the next review of the programme.

5. The Secretary-General commented on the discussions and major recommendations of the Eleventh Meeting (see sect. VI below).

I. PUBLIC ADMINISTRATION IN DEVELOPING COUNTRIES: CHALLENGES AND RECOMMENDATIONS

A. Governance and capacity-building

6. The Meeting noted that the concept and practice of good governance should be understood in two practical ways: first, the delivery of high quality services to the public, including value for money in achieving the effective implementation of government policies; and second, the fair and equitable treatment of all citizens under the law within a system that made the executive accountable to an elected legislature, with safeguards for individual freedom and openness in the conduct of government business.

7. The Meeting was of the view that the important hallmarks of "good governance" were (a) a willingness to let individuals and communities develop and realize their full potential; (b) the development of a stable economy; (c) the encouragement of public participation in government affairs; and (d) openness in reviewing and reporting government achievement at the local and national levels. It was noted that as long as people were inhibited from participating in government affairs by conditions of poverty, there would likely be instability in governance.

8. The Meeting noted that in the context of good governance as explained above, the critical content of civil service work included advising ministers and legislative bodies; informing them accurately about government actions; implementing government policies; and managing public/taxpayers' monies. The Meeting recommended that the conduct of civil service work be firmly underscored by a set of common values which included probity in the handling of public funds and equipment, honesty, integrity, impartiality and the separation of public duty from private interest.

9. To ensure an effective civil service in support of good governance, the Meeting emphasized capacity-building. In terms of the individual civil servant, capacity-building placed particular emphasis on training to increase his/her skills; to develop at the higher levels qualities of leadership, self-awareness and adaptability; and to improve interpersonal skills and the ability to manage through performance contracts, for example with non-governmental organizations, operational "agencies" within government, or private sector bodies providing services paid for from public funds. Although encouraged by the degree of commonality of insights about problems and their solution, the Meeting noted that programmes aimed at strengthening capacities of institutions should be sensitive to four major issues: (a) the national/community structures of the country, including the political structures; (b) traditional cultural values, endorsing especially those that were consistent with professional government and a modern State, and countering those that were not; (c) the existing capability of the country in terms of its economic, social and educational structures and of the strength of its public sector; and (d) an ordering of priorities to ensure that fundamental issues were tackled first and a firm foundation laid for further progress.

10. The Meeting noted that effective administrative change would also depend on coherence with related areas of technical cooperation, some of which were

addressed by other United Nations agencies, for example (a) an educational system which produced people able and willing to take on responsibilities in public services, and which contributed to the general public's appreciation of good governance; (b) institutions, such as the judiciary and courts, the press and other media, and auditing bodies, whose contributions were critical to maintaining a climate of openness and accountability in government; and (c) business performance for economic development and job creation. The private sector could be encouraged to contribute to the delivery of services to the public, thereby potentially minimizing inefficient public expenditures from government operational bodies or providing competition to encourage efficiency in government operations. The Meeting encouraged joint training for young business executives and civil servants, and exchange visits between government and industry, in order to create mutual understanding across these sectors.

B. Organizational and structural issues

11. The Meeting noted that at least three governing principles should be applied to considerations about the organization and structure of government:

(a) The ability of countries to alter their structures, whether by the decentralization or redistribution of legislative powers, or by devolving responsibility to take certain actions without prior authority from the centre, could depend on the extent to which that tendency could be viewed as strengthening various communities within a State. Effective administration and maximum public participation in public affairs might depend on the degree to which officials nearest to the point of service delivery were responsible for the relevant decisions. Over-centralization of functions could lead to institutional overload; conversely, decentralization or devolution, carefully implemented, need not weaken the sphere of competence of the national Government;

(b) Demographic patterns (with a relatively small working age population contributing taxes and supporting large proportions of young or elderly people) and the condition of national economies were major factors in impelling public service reform. Economy and efficiency were required in the public sector, but the forms of organization adopted by each country should seek to balance economy in the use of scarce resources with reassurance to the public that the organizational framework was attending to service delivery needs;

(c) The organization of public institutions should also promote economic development at the local, regional and international levels; mutual understanding between the political (legislative and executive) and the public service arms of government concerning priorities, methods and progress in implementing policies; continuity and professionalism in the civil service; and compatibility with public expectation and public accountability.

12. The Meeting noted that many Governments were considering the advantages of devolution, particularly in placing decision-making as close to the "person/customer/client/citizen" as possible. Devolution had the potential to empower public servants, thereby encouraging their commitment. In order to make informed decisions, Governments had to weigh the advantages against the risks,

especially possible inconsistencies of policies and implementation, the potential for incurring extra costs unless offsetting savings were made by reorganization at headquarters, and the time needed to develop the capacity of those to whom new powers would be delegated. Variables of geography, social grouping, public aspirations, and inherited constitutional and legal structures could also influence the timing and extent of devolution (or the redistribution of legislative powers under a process of decentralization) and the structures to be adopted.

13. It was noted that clear thinking was needed to deal with the relationship between central and local legislatures; the transfer of autonomy from central to local government within legal limits; and the relaxation of central controls to permit other ministries, departments or units at headquarters or elsewhere to exercise greater financial discretion and delegation, and greater freedom in operations or in recruiting and rewarding staff. In some cases new agencies could be formed to carry out coherent operational functions under a "direction" or policy framework agreed with the ministry.

14. The Meeting stressed that devolution of tasks involved consideration of how to retain adequate managerial control without inhibiting the initiative of local management. Staged progress (from limited freedoms which were closely monitored to full operational competence within a financial envelope) might require careful programming. It was suggested that twinning arrangements with a Government and/or its institutions which had completed some form of managerial devolution would facilitate the sharing of experience.

15. The Meeting examined the question of structure in the context of metropolitan government and noted that the size of major cities and their rapid expansion raised a subset of issues concerned with decentralization or devolution. Such issues included the creation of an over-arching body to determine city-wide strategy and to act as a link to central government; determination of appropriate structures and powers of district or sector authorities, and specification of the extent to which those authorities might have political as well as administrative powers.

16. Programmes to assist Governments in their consideration of how to handle matters of organizational and structural change (variously referred to as redistribution, decentralization, deconcentration or devolution) would need to draw on the advantages and disadvantages of existing arrangements world wide. The Meeting recommended that the United Nations programme provide opportunities for networking information among Governments on the management of structural change. Both regional and functional groupings of participants should be considered.

17. There were also small States that might feel pressured to devolve, but where inappropriate decisions could lead to waste or conflict between different levels. Their particular needs might justify a programme seminar to consider optimum organizational strategies for small, geographically compact States.

C. Accountability issues

18. The Meeting noted that the legitimacy and credibility of a Government depended on the extent to which the government functionaries - ministers and civil servants - were accountable for achieving national objectives. Accountability could be owed "upwards", to an elected, informed and well-organized legislature, and "downwards" to the general public, who were the "customers" for many public services. Administrative accountability required a clear chain of responsibility from the top of the organization to the bottom, covering both policy formation and the delivery of services.

19. Administrative accountability required (a) effective management information and accounting systems; (b) specification wherever possible of standards of service or performance (quality); and (c) a clear understanding of what was to be done, including consideration of costs and time-frames; (d) a personal statement of objectives for each civil service manager/senior official, which was reviewed formally at least annually as part of the management of performance, and would affect such decisions as pay, career movement, promotion and retirement; and (e) financial accountability, which had both national and individual "budget holder" elements.

20. Such accountability applied to individual staff, to teams or project groups and to entire ministries or agencies. Accountability was more than a matter of control or checks. Proper accountability also helped those concerned to clarify their aims, objectives and tasks, thereby making more transparent what the Government, a ministry, or each public servant wished or expected to achieve.

21. The Meeting recommended that the United Nations programme provide assistance in various areas of accountability. First, there should be support for systems which enabled government activities to be communicated as widely as possible, including (a) review and comment in open hearings reported by a responsible press, (b) adjudication to be facilitated by an independent judiciary, (c) independent arbitration perhaps by a system such as an ombudsman system, (d) regular audit by a body which might also recommend ways of improving practices and (e) a parliamentary "public accounts" unit which could scrutinize government performance. Secondly, guidance should be provided on good practice and training, in order to assist managers to introduce and maintain effective systems of accountability and of measuring performance in a meaningful, simple, straightforward manner. Thirdly, support should be provided to heads of ministries, planning boards or local public bodies for establishing annual or periodic reviews of achievement of departmental objectives. Fourthly, the United Nations programme should promote awareness programmes to educate the general public about the work of government.

22. The Meeting further suggested that the United Nations provide technical assistance, where appropriate, to (a) programmes to orient those appointed to government positions from outside government; (b) top policy seminars at which ministers and civil servants from different countries with similar problems could share experiences and strategies; (c) specialist training for those involved in implementing "management accountability systems", specifically including line managers; and (d) development of a framework "code of ethics" for public service which countries could then adapt for their own needs.

D. Performance issues

23. The Meeting noted that performance in the public service included both the job performance of individual civil servants, as evaluated periodically and rigorously, and the public organizations' ability to perform efficiently and effectively in both day-to-day operations and long-term tasks. Any civil or public service would maintain public confidence only to the extent that it (a) continuously raised the quality of its services to the public; (b) encouraged those dealing with the public to be courteous, helpful and prompt in serving their clients; (c) was effective and efficient in the use of public resources; and (d) provided objective advice to its political leaders. Those tasks required both professionalism in responding to demands of ministers and the public, and adaptability to changing circumstances. The need for professionalism was particularly significant for those in the middle and upper ranks of the service, and would continue to be a central concern to all Governments over the next few years.

24. The Meeting was of the view that performance was affected heavily by the quality of staff management, the empowerment and motivation of staff, and staff perceptions of their status in the public eye; it also depended on a reasonable continuity of policies and managers. But "continuity" and "status", with appropriate salaries, could give a negative and protectionist impression of public employees, unless tenure and remuneration were linked to robust appraisal systems for all public servants and to a culture of performance management.

25. In order to facilitate performance management, the Meeting noted (a) the critical value of descriptions of the duties of posts falling vacant, and of the qualities needed by the post holder (at the lower levels, such descriptions might apply to a range of posts of similar grades; for the highest posts, they would be specific to one or only a few posts); (b) the need for robust systems for recruitment, career development moves (to widen experience in the same or a different ministry or unit) and promotion, supported by "codes of practice" which made transparent the rules and regulations that enforced advancement on merit; (c) the need to develop over time regular appraisals of staff performance, as well as regular counselling and guidance; (d) the need to encourage exchanges of staff (for a few days or weeks, or occasionally for longer) between public sector organizations or between the public and private sectors to enhance mutual understanding to the benefit of both sides (in a large organization movement of staff could help to transfer technologies or experience of different ways of working, and improve teamwork); (e) the need for training and development of staff as part of a continuous learning culture; and (f) the significance of addressing the needs of the top staff, for whom new skills and competence were needed, and who could benefit from the opportunity to share experiences with those facing similar problems at their level in other organizations or other countries.

26. Performance management required attention to basic principles which needed to be applied in the manner best suited to local culture, administrative and legal tradition and the provenance of the political structures in which the public services functioned. The francophone African States differed, for example, from those States with political and administrative structures based on the Westminster model.

27. The Meeting recommended that in addressing those needs, the United Nations direct its attention towards (a) enhancing the capacity and quality of regional and national schools of public administration through the provision of course guidance material, a focus on assisting in the development of managerial training for middle and senior managers, and training of trainers; (b) developing networks to help the most senior staff share experiences in bilateral, regional or international networking groups, particularly for the often overlooked requirements of those staff supporting the legislature itself in the preparation and scrutiny of new legislation, as well as for staff in such sectors as health administration, in coordination with international agencies involved in those sectors; and (c) assisting Governments to develop realistic strategies for training, at different levels, although minimal targets might place unrealistic requirements on ministry and training institute resources and capacity, unless the training was based in work locations.

28. Another factor influencing government performance was the grading and pay of public servants. Pay levels had to take account of national resources, but they might not be sufficient to retain key staff on whom the effectiveness of government operations often depended. Further, fairness in determining pay levels or in weighing the value of qualifications, or ensuring that the highest pay increases went to the staff who contributed the most, were important to staff morale and motivation. Determination of performance evaluation and pay increases, as well as bonuses, was often linked to other managerial decisions - for example, the elimination of useless tasks; "grade skipping" in the allocation of work; or "delayering", that is, stripping out levels of management. The Meeting recommended that the United Nations programme organize a series of workshops, each for a comparatively small number of senior managers with pay and grading responsibilities, which could facilitate the adoption of improved regulatory codes and practices in that complex area. Because there were no universal solutions to ensure that jobs were filled by those best able to achieve what was required, it would be necessary to undertake a critical examination of historical practice within each country's own traditions.

29. The Meeting recommended that the United Nations devote particular attention to the critical issue of ways of retaining key staff, who might otherwise join private companies or other lucrative employment. For example, it was suggested that they be placed on contract terms, with higher pay in return for a commitment to stay for the period of the contract. Such an approach involved the sensitive task of identifying key jobs to which that system might apply. It was suggested that an outside agency might help to resolve some of the inherent difficulties facing decision makers responsible for reaching objective decisions concerning contracting systems across a range of ministries and government institutions.

30. The Meeting recommended to the United Nations five additional strategies for supporting national training efforts: (a) technical support for national public service training institutions to facilitate continuous learning, equipping them to adjust their curriculums to focus on the skills and abilities needed by public servants in a rapidly changing environment; (b) research on the impact of new institutional and organizational arrangements; (c) workshops on making public service legislation and codes sufficiently firm to prevent abuse but sufficiently flexible to enable operational needs to be met; (d) assistance

to public service commissions; and (e) assistance to audit bodies in the field of pay and performance management.

E. Information technology for public management

31. The Meeting noted that information technology was becoming increasingly pervasive and its impact on governance had to be reviewed periodically. One possible impact of information technology on governance related to the sharing of information among institutions and among levels of government and administration. In addition, information technology made it more possible to make government decision-making and operations increasingly open and transparent to the public. It was also noted that information technology in all of its manifestations, including media and communication technology, had the potential to make countries vulnerable to international economic and political forces.

32. The Meeting recommended that the United Nations organize research into "best systems" and "best practices" regarding information technology in order to inventory and make available replicable applications. It also recommended expanding the types of functions amenable to computerization, specifically from an emphasis on control functions to include more service delivery functions. It was noted that raw data were often overwhelming and had to be organized into a useful format. While acknowledging the importance of compatibility, it was noted that over-emphasis on compatibility could discourage innovation, especially within the context of decentralization. In relation to training, the needs of lower and middle management in computerization programmes had to be emphasized. Also, training and organization of work needed to take into consideration the psychological and sociological consequences of information technology and office management. The Meeting recommended that the United Nations consider ways of encouraging strategic thinking concerning the utilization of information technology.

F. Financial decentralization and revenue mobilization

1. Devolution and its financial challenges

33. The Meeting reviewed the implications for financial powers and resources in decentralization processes, explored ways in which local finance could be raised for local projects and identified various means of revenue mobilization. The Meeting endorsed the current trend of increased authority and responsibility for lower levels of government in public financial management. That tendency was consistent with good governance, because national and even regional governing bodies could be isolated from the daily concerns of the people/citizens. There were often strong differences among the various localities in a country, especially concerning ability to meet the needs of the people. Although some countries might have localities that were relatively wealthy and in which disparities from one region to another were not great, that situation was the exception, even in relatively developed countries. Disparities in wealth often led to relatively poor local authorities having difficulty in carrying out their responsibilities.

34. The Meeting was of the view that lowering the level of effective decision-making could result in decisions being taken in a more efficient and relevant manner. However, that did not mean that resource generation would be more efficient. It was possible that more resources could be generated for public purposes at the local level because the people could more directly see that their taxes and fees were being used to produce services that they needed and that were highly visible, such as education and health care.

35. The Meeting recognized that the wide variance in both the structures of Governments and their levels of economic development created difficulty in suggesting public finance arrangements that might be useful across a broad range of political arrangements. However, in any country, a significant degree of decentralization would require a related increase in capacity for financial management at the local level.

36. Related to decision-making authority, which could be devolved to lower levels of government, was the strengthening of systems of responsibility and accountability at those lower levels of government, many of which might need assistance in developing the capacity to carry out their accountability tasks. The classic principles of audit - economy, efficiency and effectiveness - applied as fully to the local level as they did to the higher levels of government. The Meeting noted the need for a brief elaboration of those principles in the context of accountability systems:

(a) Economy meant that local officials would need to conduct such activities as procurement, contracting and employment, taking into account real costs and the market value of the physical and human resources, and with careful concern for avoiding or minimizing corruption. Openness and transparency of processes allowed citizens to be assured that officials were discharging their responsibility properly;

(b) Efficiency meant that programmes were properly implemented. For example, projects should be completed on time; staff should work scheduled hours; and services should be available as needed. Managerial skills enabled the senior staff to monitor efficiency and make corrections as required. The techniques available to the auditor could facilitate those managerial functions;

(c) Effectiveness meant that programmes actually provided the intended benefits to the population. To the greatest extent possible, Governments should focus on the final outcomes of programmes rather than intermediate inputs. For example, the final outcome of the education system was an employable adult, not a bureaucratic output, such as the number of classrooms or teachers. In the health care system, the final outcome was the well-being of the population, not the number of clinics or doctors.

37. The Meeting noted that good performance indicators, and their appropriate measurement through accurate and timely statistics, were often very difficult to achieve, even in the most industrialized countries. Therefore, expectations of relatively unskilled local government should be modest. Nevertheless, the Meeting encouraged the use of service delivery indicators, when data and training were made available to implement measurements of quality of service delivery.

38. The Meeting recommended that the United Nations assist Governments in clearly defining key auditing and financial management skills for local governments, and in identifying effective training practices in that field. It further recommended that assistance be provided in developing guidelines for budget disclosure to the public in order to achieve greater "transparency", especially for budgetary processes at the local level, as well as audit standards applicable both to locally generated funds and to loans and grants from higher levels of government. It was believed that responsiveness to the local population was necessary to the success of government programmes. At the same time, locally expressed priorities needed to be considered in the context of major national economic and social goals. Such a juxtaposition presented a challenge both in terms of designing harmonious multi-level government policies and of devising central-local structures of government through which to implement those policies.

2. Financing government programmes at the local level

39. The financing of government programmes constituted a major challenge for all levels of government. As activities were decentralized, Governments were increasingly facing the reality that regions and localities varied in their ability to finance needed programmes. Moreover, decentralization was likely to make more explicit the sifting and/or shifting of resources from one geographical area to another. It was noted that member Governments had a wide variety of experience in dealing with interregional and local finance. Thus, while there were no easy solutions, experience with innovations in some countries could prove useful to decision makers elsewhere.

40. There were four broad approaches to assisting local administrations to finance their activities. The first was to yield to them some portion of the currently national tax base. The second was to permit them to retain some revenues collected under the tax laws of a higher governmental authority. The third was to provide resources to them through a system of grants. The fourth was the provision of loans or credits. Only the third and fourth provided the means of reducing regional disparities in wealth. Credits could permit regional or local authorities to undertake major projects for which they could not raise the capital on their own. Assuming credits would be repaid, such a programme would have a limited capacity to reduce regional disparities. A number of Governments were reluctant to permit local authorities to borrow because of the difficulty of ensuring repayment.

41. Governments pursuing decentralization programmes might wish to acquaint themselves with various ways of structuring grant programmes. Formula grants, for example, allocated funds to local administrations according to specified criteria, such as wealth, population, urbanization, or the percentage of young people in the population. Once a formula was agreed upon, the relative distribution to various local administrations was automatic. However, the total amount could be adjusted to respond to fiscal conditions. Matching grants focused on the self-help efforts of local administrations, rewarding those that could raise from their own sources some specified percentage of the funds necessary for a particular project or programme. Some countries restricted the use of matching grants to capital projects. The Meeting recommended that the

United Nations study developing country experience in providing grants to subordinate levels of government.

3. New techniques of revenue mobilization

42. The Meeting noted that because of budgetary needs and the decreasing availability of external budgetary-supports, many Governments were searching for additional methods of mobilizing revenue. One underutilized resource mobilization mechanism was the imposition of fees and charges to be paid for by the users of specific government services. Often such charges were good economic policy because they encouraged more prudent use of those services while making subsidies available to economically vulnerable populations. In addition, when imposed at the local level, they encouraged responsibility and accountability.

43. Because revenue generation was often stifled when proceeds were deposited to the Treasury rather than being retained, at least partially, by the governmental unit that produced them, full deposit with the Treasury needed to be examined. Such a policy removed the incentive to raise revenues, and might also deprive an enterprise of funds for essential purposes. In the case of user charges, removal of those funds was most likely to lead to lack of maintenance of the infrastructure used to provide the service.

44. One method of generating a stream of revenue without incurring any substantial up-front fixed costs was for the Government to contract out the building and financing of a project on the basis of "build, operate and transfer" (BOT) or "build, operate and lease" (or own) (BOL). With this method, the Government might contract with a private sector entity to both build and finance a project, in exchange for a stream of future revenues (such as user fees in the case of a road or a bridge) related to the project. That method of revenue generation was often used for projects that had a high up-front fixed cost and a very strong likelihood of generating a stream of revenue which could be shared by the Government and the private sector builders and financiers.

45. The Meeting recommended that the United Nations carry out a survey of user fee practices in developing countries, particularly at the local level, in order to disseminate the experiences to Governments interested in experimenting with that source of financing for government activities.

46. The Meeting recommended that the United Nations provide technical assistance in the field of taxation and budgeting to Governments in developing countries. The Meeting noted that all aspects of taxation, such as overall level, base, internal composition, direct and indirect taxes, tax rates and elasticity, affected distribution of incomes in the country. Although a certain level of confidentiality in budgeting procedures existed in some countries, the Meeting recommended that the United Nations study budgeting methods in a wide variety of countries.

G. Government and private sector development

1. Reform and privatization of public enterprises

47. The Meeting noted that currently, one of the most serious economic issues faced by many Governments in developing countries was how to make their public sector enterprises efficient and cost competitive in global markets and how to develop the nascent private sector so that it could assimilate public sector enterprises after privatization. The route to be taken for that purpose had to depend on the local environment, taking into account the existing infrastructure and the managerial potential available. Many factors, such as the financial system, the capital market and savings potential had great relevance in that context. Ultimately, the development of a robust private sector depended on the willingness of the political leadership to move ahead with major economic reform programmes, including management strengthening, privatization, foreign direct investment and strategies for private sector development.

48. Many public enterprises suffered because of over-staffing or inappropriate pricing policies. If their technology was obsolete, their situation worsened. If a public enterprise was to be efficient, the root causes of enterprise inefficiency had to be identified. If there was surplus labour, the Government had to allow the enterprise to rationalize its labour force by providing a social "safety net". If pricing was defective, market prices might have to be substituted for administered prices. In the case of obsolete technology, it was probably preferable to privatize the unit, and leave it to the private entrepreneur to decide on technology and obtain funds rather than to make heavy investments from the government side. In any event, a clear definition of the boundary of government control over enterprise was absolutely essential before and after privatization.

49. Privatization was an important element in private sector development. Before privatization proceeded, the balance sheet of the public enterprise had to be made to reflect the true picture. It was vital to value assets and liabilities independently before setting a price for privatization or inviting tenders for a large enterprise.

50. The Meeting noted that many countries which had had a command economy until recently were finding the process of privatization painful. If they adopted a strategy of rapid and wholesale privatization, the pain could be excruciating. Development of the private sector, where practically none had existed, took time. But if there was a strong private sector, privatization was easier. Here also, national priorities had to be clear. If certain industries were to be kept outside the purview of foreign direct investment, for strategic or other reasons, it was desirable to spell that out clearly. If any protection was to be accorded to small-scale industry, in the new scheme of things, the protection should also be clearly delineated.

51. Privatization included the liquidation of enterprises which could not be made viable. Loss-making enterprises could sometimes be turned around by good management, so they might be privatized. There were also cases in which, after privatization, potentially viable units had been closed down.

52. Privatization could be achieved more meaningfully if the units to be removed from government control were identified, stage by stage, and the shares sold to bidders or to the general public. If the stock exchange was functional, the pace of privatization could be made faster. A good capital market could absorb new privatization issues.

53. In many countries, public enterprises were operated as statutory corporations. These could be reincorporated, by converting them into companies, under the relevant company legislation before privatization. That tended to increase the flexibility and managerial autonomy of public enterprises, thereby facilitating reform and/or privatization and increasing the sale proceeds to the Government.

54. Excessive intervention by the ministry in the operations of a public sector unit stifled management initiative and divided accountability for performance. An "arm's length" relationship could be promoted by means of a performance contract, in writing, every year between the Government and the enterprise. The performance contract would incorporate the yearly goals of the enterprise and the indicators by which the achievement of the goals was to be measured, annual targets, the support the enterprise sought from the ministry, and management incentives. For its performance, thereafter, the public enterprise would have to display initiative and professionalism, and the ministry would evaluate its performance on the basis of the agreed performance contract.

2. Regulatory framework

55. The Meeting noted that private sector development was not a "free for all" concept. Even in developed countries with a robust private sector, there was considerable regulation in terms of public policy. Regulation required regulatory organization and a legal framework, including anti-monopoly laws. In many developing countries, however, there was both over-regulation and under-implementation, with the possibility of creating monopolies and cornering licences. The course of action best suited to most developing countries appeared to be to create an environment in which the private sector had access to loans from the banking system for bankable projects and was not subjected to physical controls. Environmental considerations should not be forgotten in the design of a regulatory mechanism.

56. Foreign direct investment (FDI) did not always assist an economy in the most needed areas, such as sectors which required a long gestation period and faced an uncertain rate of return. If a country suffered political instability or periodic foreign exchange crises, investments were often severely reduced. If a country's administrative and regulatory framework was effective, FDI promoted technological modernization and rapid industrialization. Factors which attracted FDI included a trainable and low-cost labour force, easy repatriation of dividends and professionalism in government offices. Depending on the level of development, it was better for a country to clearly specify the fields or areas of activity where such investment was encouraged.

3. Entrepreneurial development

57. The Meeting noted that a Government could block private sector development in many ways, for example by choking credit, by imposing a licensing system or by location restrictions. Price control over end products could make even a sound private sector unhealthy. The greatest assistance that any Government could give was to encourage private sector enterprises by a rational tax administration, coupled with easy access to institutional financing. Cheap export credit would give a further boost to rapid development of the private sector.

58. A sound monetary policy that kept inflation low helped small and emerging industries. Often, keeping inflation low required an autonomous central bank. Two factors which aided small industries were easy accessibility to land, and labour legislation that was not too restrictive.

59. Small and medium-sized enterprises needed credit and marketing facilities. Many countries had found that setting up a development bank exclusively for small enterprises had proved useful. Linkages between small-scale units and large units by way of subcontracting, had also been effective.

60. Extension services to aid and advise small entrepreneurs, coupled with availability of space in industrial estates set up by government or non-government agencies helped the proper development of the small-scale sector. Franchising of such public services as post offices also helped the process.

61. The Meeting recommended that the United Nations encourage the development and implementation of sound policies in regard to small-scale and emerging sectors.

II. DEVELOPMENT MANAGEMENT IN AFRICA IN THE 1990s

A. Strategic Agenda for Development Management in Africa in the 1990s

62. The Meeting framed its discussion around the Strategic Agenda for Development Management in Africa in the 1990s, which had been adopted by the Regional Conference on Development Management in Africa: Thirty Years of Experience, Emerging Trends and Future Priorities (Addis Ababa, March 1993) and endorsed by the Conference of Ministers of the Economic Commission for Africa at the twenty-eighth session of the Commission and 19th meeting of the Conference of Ministers. 1/

63. It was noted that Africa was a continent at the crossroads. Socio-economic conditions had been deteriorating to the extent that the 1980s had come to be known as "the lost decade in Africa". Furthermore, ethnic violence and armed conflicts were continuing in and between many countries in Africa, causing tragic human losses, large-scale population displacements and lack of stability. Yet proper utilization of Africa's vast natural and human resources could assist in reversing economic decline, revitalizing their economies and improving the conditions of the people. It was felt that ongoing political reforms in many

African countries and the realization that the continent's economic resources needed to be effectively managed provided a window of opportunity through which socio-economic conditions could be improved.

64. It was observed that only bold measures could strengthen and mobilize society as a whole. Furthermore, it was realized that there was no alternative to accelerating the process of growth and development on a sustained and sustainable basis; that such a process must be human-centred; and that democracy, popular participation, good governance and accountability were essential elements of socio-economic regeneration. Hence, the answer to socio-economic revitalization lay neither with Governments alone, nor with private entrepreneurs and non-governmental organizations alone. Strategies that tended to emphasize only one set of actors had to be replaced with ones that emphasized key roles for governmental and non-governmental actors and their interdependence. Development administration and finance issues assumed particular importance in the process of economic revitalization of African countries and needed to reflect the multiplicity and interdependence of roles referred to above.

65. The Meeting reviewed the documents before it and endorsed the Strategic Agenda, which recommended improving the policy-making process; enhancing the efficiency and quality of the civil services; promoting ethics and strengthening accountability in the civil services; strengthening the resource mobilization and financial management capability of African Governments; reforming the public enterprise sector; ensuring effective popular participation in development management and governance; strengthening democratization for sustained development; enhancing the participation and skills of women for effective involvement in development management; and using information technology in African public administration.

66. Actions, prioritization of and interlinkages between the areas of intervention within the aforementioned framework at the country level would obviously have to be based on country-specific conditions and realities. Eight issues that required priority attention were identified: indigenous capacities, governance, participation, accountability, the private sector, public enterprises, resource mobilization and information technology. The Meeting noted that structural adjustment programmes and the conditionalities imposed by them restricted the ability of African countries to manoeuvre, and placed constraints on many initiatives such as decentralization and improvement of the efficiency of the administrative machinery. Generalizations concerning the appropriate number of civil servants in African countries did not reflect the wide variety of national experiences. With the current emphasis on decentralization programmes, many more trained civil servants might be needed in the field than were currently available.

B. Institution-building

67. The Meeting noted that the issue of governance should be accorded high priority. Democratic, open and transparent Governments were considered essential in developing administrative reforms that led to greater efficiency and accountability on the part of the civil service. Two key ingredients for

effective administrative reform were the political will and capacity for continuous learning through multisectoral dialogue and experimentation with reform modalities. Reform strategies needed to be developed in a way that did not jeopardize future opportunities but maximized interface with national development plans and evolving macroeconomic conditions. A minimum level of human, organizational and decision-making infrastructure had to be in place to implement development programmes within the context of results-oriented management. The Meeting recognized that institutional and human resource development could be further emphasized in order to develop implementation and absorptive capacity.

68. Noted also were the relative absence of institutionalization and the over-abundance of two opposing tendencies, that is personalization and politicization in the African public management systems. There was an enduring need for defining a proper role for politics and another for administration, and appropriate mechanisms to link politics and administration in a coherent way. Given current levels of the skilled workforce in the civil service, African Governments could not afford to replace their civil servants whenever there was a change in politics.

69. For both political and administrative spheres, it was important to strengthen accountability and increase transparency. Citizens should have a knowledge of programmes and access to services, as well as mechanisms to communicate with both politicians and administrators concerning productivity in relation to taxes paid and services delivered.

70. The Meeting noted that the objective of economic development should be pursued imaginatively, not dogmatically. Although privatization was one strategy of economic rationalization, there continued to be scope for public investment in productive fields where, because of the low rates of return, the private sector would not be forthcoming.

71. The Meeting recognized the need to create better rapport between the policy makers and indigenous "think-tanks" and to better involve indigenous capacity in the process of policy-making and policy evaluation. There had been serious under-investment in national institutes of public administration. Those institutes were at the same time understaffed and without adequate resources, but were expected to contribute to the training of civil servants and the generation of research and policy advice. The Meeting recommended that the United Nations assist government institutes of public administration. Attention was drawn to the need to document situations in which public management improvements had led to successful results in Africa, and to disseminate widely such examples of public administration developments.

III. PUBLIC MANAGEMENT ISSUES IN TRANSITIONAL ECONOMIES

72. The Meeting noted that Governments of countries with economies in transition had embarked on renovation processes, the major components of which were economic renovation together with step-by-step political system renovation and state machinery reform with an emphasis on public administration. The Meeting noted the complexity in the renovation processes, especially the

interlinking dimensions of economic, social and political changes and their ramifications. Although a few Governments had launched dramatic shifts to entirely market economies, most Governments had attempted to establish a mixed economy involving both socialist and market orientations. The countries were still facing major challenges and numerous difficulties. In particular, some weaknesses in ineffective state machineries included rigid bureaucracy, lack of delegation and initiative, corruption, hyper-decentralization, hyper-centralization or indiscipline. Public administration must overcome those weaknesses in order to lead countries through the whole renovation process, especially economic renovation and implementation of indicative national development plans.

A. Human resource development and market-related skills

73. Governments in transitional economies were pursuing many economic reforms such as price stabilization, privatization and de-monopolization. The administrative reforms which underpinned those and other reforms were encountering much resistance from some officials, but that resistance was countered by other officials, who indicated a strong interest in being up to date and who could articulate their management training needs. A major need was the development of decision-making skills, policy-making skills and strategic management/strategic planning skills for a reformed system in which those activities would take place in a wider range and at lower levels of government ministries and agencies. Management improvement programmes probably needed to be constructed on a parallel basis: one would focus on government organizations and one on enterprises, including those that were private, privatizing or still in the public sector. Management development in all sectors could strengthen other developments. Motivation of key officials at all levels was necessary to administrative improvement processes. Strategic planning/management was especially important because critically relevant factors were scattered in both public and private sectors and needed to be coordinated for effective decision-making.

74. Management of change programmes in transitional economies must be improved through a process of focusing on management results and successes, and with considerable attention to sharing experience with the most successful experiments and best practices. Governments in transitional economies were searching for the means to increase productivity, for better assessment of social needs, or for improved facilitation and regulation of the private sector and enterprises, often involving integrated information systems, both horizontally and vertically. Improvements in those areas would require strengthened human resource development and institutional development to stimulate and manage more effective and efficient resources both within Governments and within organizations in the private and enterprise sectors.

B. Institutional reform of the government machinery

75. The Meeting noted that the current situation in those countries gave rise to the urgent need for basic public administration reform, which should be placed in an overall framework as follows: (a) a public administration system

based on the premise that all power should belong to the people; (b) a public administration system that was suitable and that would serve effectively the development of a socialist-oriented market economy; (c) a public administration system that performed its management and administration functions according to the law and within a strict legal framework and values based on social order and justice; and (d) a modern public administration system deeply imbued with the national spirit and identity, bringing national traditions into full play and, at the same time, utilizing experiences of modern and advanced public administration systems throughout the world, and involving expanded international relations and cooperation and more complete integration into the international arena.

76. As an integral component of overall national renovation processes, public administration reform was a complex system which should be implemented according to long-term strategies, in accordance with comprehensive development strategies and chosen socio-economic reorientation. Therefore, public administration reform should have its own overall strategic goals and its concrete objectives for short-, medium- and long-term perspectives. At the same time, it should encompass concrete and immediate steps and be capable of implementing its priority components within the larger national renovation framework.

77. For Governments in transitional economies, it was important to maintain focus on long-term and overall goals, that is, to build a public administration system that was democratic, well-disciplined and modern, so as to become powerful, efficient, effective and capable of carrying out successfully all the tasks assigned by the State. Such a modern public administration system was especially essential for tasks of market economic management, and the provision of services which satisfied the growing demands of the public. Public administration should be built on the basis of an institutional, legal, personnel and financial framework. It should be capable of providing good services as the basis for building confidence in the construction of the political system and the renovated economy.

78. Specifically, the Meeting noted that for the immediate future, a breakdown of goals of public administration reform would consist of:

(a) Institutional reform of the unified executive, legislative and judicial machinery based on the undivided power of the State; there should be a clear functional division of legislative, executive and judicial powers capable of sound operation from the central Government down to the local level;

(b) Establishment, improvement and completion of a system of laws, with emphasis on civil law, commercial law and administrative law, and the creation of a strict legal environment adequate and suitable for socio-economic development, especially the development of a market economy;

(c) Establishment of formal, official and effective public service rules and regulations and a contingent of public servants qualified, capable and skilled in the management of the public administration system in new stages of development;

(d) Establishment of a mode of management by the State in all areas, where management by law should be the core and where financial and accounting tools were used effectively to provide better service in the overall renovation process.

79. The Meeting recommended that the United Nations intensify its efforts to assist Governments in transitional economies through technical assistance concerning improved public administration, finance and information systems, and a stronger "enabling environment" for private sector and enterprise development. With regard to such assistance, while emphasis would be placed on improving systems and processes of management of changes, the Meeting suggested that attention should also be given to maintaining sufficient stability in administration to continue policy-making, programme implementation, and especially service delivery. The Meeting noted that routine administration could not be sacrificed during turbulent periods, and indeed, in the context of in-service management training, managers could learn and practice change processes, and modernize their skills and organizations within the context of improving routine administration.

80. The Meeting noted that it was necessary to consider proper and situation-specific strategies for administrative reform, especially those involving trade-offs between comprehensive and incremental approaches and between gradual and speedy approaches. It recommended that the United Nations inventory the best ways to proceed in improvement of administration and governance, including delineation of best practices, potential change agents, effective strategies and methods of managing change processes. It also focused attention on the need to determine country-specific, multidimensional mixtures of reform elements, especially those relating to the strengthening of human resources, financial resources and information resources.

IV. WORK PROGRAMME OF THE UNITED NATIONS IN PUBLIC ADMINISTRATION AND FINANCE

81. In reviewing the work programme of the United Nations in public administration and finance, the Meeting had before it a document prepared by the Secretary-General on technical cooperation activities of the United Nations in public administration and finance (ST/SG/AC.6/1992/L.7). The Meeting noted that, in addition to the work carried out under the central programme at Headquarters, some of the regional commissions and specialized agencies also undertook work on regional and sectoral aspects of public administration within their respective spheres of competence.

82. The Meeting noted with satisfaction that the historical concerns of the United Nations programme were at the forefront of issues facing the Governments of developing countries. The programme had emphasized technical cooperation and practical research in areas of administrative modernization, human resource development, management information, revenue mobilization, financial management and improved enterprise performance. It had assisted Governments through new projects involving fellowships, study tours, in-country training, and periodic exchanges of experiences and ideas during seminars and workshops. For over 40 years, the programme had made possible the sharing of state-of-the-art

administrative methods and perspectives. Increasingly, over the past decade, other international institutions had shown more interest in the importance of management in promoting development. The Meeting noted increased interest in its field of work and found satisfaction that cooperation prevailed between the programme and other institutions in efforts to strengthen public administration and finance.

83. The Meeting reviewed the content of the United Nations programme and found the nature and the composition of its outputs useful and relevant for developing countries. The Meeting noted with satisfaction the continuous growth of technical cooperation activities in public administration and finance, which underlined the importance of management in development and reflected the increasing priority attached by Governments to improving the efficiency and effectiveness of public sector management.

V. PUBLIC ADMINISTRATION AND FINANCE ISSUES FOR THE TURN OF THE CENTURY

84. The Meeting noted that the 1990s presented extraordinary and difficult challenges to public administration and finance systems throughout the world. Member Governments were faced with growing demands from their populations for more effective and efficient delivery of services within the context of a more open, transparent and accountable governance system. Those challenges required more exacting management systems capable of being sensitive to people's needs and of mobilizing resources to meet those needs. Member Governments were increasingly seeking to strengthen their human resource management, financial management, information management and reformed public enterprises. In addition, aware that funding of government services depended on revenue generation, largely from a well-regulated but facilitated private sector, member Governments were seeking the latest means for stimulating private sector development. Although such issues were important everywhere, they were given special emphasis in Africa, the least developed countries and transitional economies.

85. The Meeting noted that strategic improvements in public administration systems in the years ahead required careful attention to directions and strategies of reform and that constructive directions for administrative arrangement should focus on (a) identifying and implementing policies and methods to increase productivity, effectiveness and responsiveness of governmental structures; (b) combining responsibility and control systems that were essential to improving governance and governmental accountability with the operational flexibility needed to accommodate different conditions in functional and territorial areas; and (c) enhancing programmatic linkages between Government - both central and local administrations - and the private sector and associations in the voluntary and community sectors of society.

86. To accomplish the priority objectives and other public administrative reform goals, the Meeting recommended combining a comprehensive, system-wide approach with a targeted management improvement focus. The first strategy was capacity-strengthening through institution-building, on a comprehensive, government-wide basis, especially of personnel, financial or organizational

systems. Such a strategy would assume that through the development of managerial capabilities and institutions, government performance would improve. The second strategy involved improved management of concrete development activities, emphasizing that administrative modernization had to focus on delivering services, meeting needs and providing tangible results. Those targeted management improvements involved enhancing managerial skills, improving technologies available to managers, rationalizing organization and procedures, and strengthening coordination and cooperation, all at the operational level of specific public administration units. These shorter-term exigencies must be balanced with long-term capacity-building in the allocation of resources and energies. Successful experience in programme operations and in concrete problem solving was a dependable way to develop and sustain managerial capacity and institutional strengthening.

87. The Meeting noted that the United Nations had in the past pioneered efforts to assist Governments of developing countries in building their public management capacities and modernizing their public administration and finance systems. It further noted the importance of maintaining and strengthening the efforts of the United Nations programme in public administration and finance in assisting Governments of developing and transitional economy countries to improve and modernize their public management systems, especially along the lines identified above.

88. The Meeting recommended that the Twelfth Meeting of Experts be convened in 1995 to examine the issues and problems facing public administration and finance systems in developing and transitional economy countries, review progress made in the implementation of various recommendations made at the Eleventh Meeting, and review the United Nations programme in public administration and finance.

VI. COMMENTS ON THE RECOMMENDATIONS MADE BY THE EXPERTS AT THEIR ELEVENTH MEETING

89. The discussions at the Meeting were quite extensive, and the report of the Meeting provided a good analysis of various issues, including the public management problems in transitional economy countries. The Meeting made several recommendations for action at the national and international levels. Actions at the national level were matters of responsibility of Member States and the Economic and Social Council may wish to draw the attention of Member States to the recommendations.

90. The Secretary-General reviewed carefully the recommendations addressed to the United Nations. They were sound and did indeed reflect the priority interest and pressing needs of developing and transitional economy countries in public administration and finance. The implementation of the recommendations would significantly help to increase the efficiency and effectiveness of public administration and finance measures in those countries.

91. Actions at the international level were to be implemented, at least in the immediate future, within the framework of the resources currently available for the United Nations programme in public administration and development management. The Secretary-General believed that every attempt should be made to

incorporate recommendations of the Meeting for international action within the broad framework of the medium-term plan for the period 1992-1997.

92. The Meeting recommended that the Twelfth Meeting of Experts be convened in 1995 to review, inter alia, current issues and problems in public administration and finance systems, and development management in general, in developing and transitional economy countries, examine progress made in the implementation of the various recommendations made by the Eleventh Meeting and review the United Nations regular programme of work in public administration and development management.

93. The Secretary-General suggested that future Meetings of Experts focus mainly on prevailing public management issues, especially in the context of such global concerns as governance, accountability, productivity and responsiveness, with a view to providing timely policy and technical guidance to developing and transitional economy countries.

94. Subject to the approval of the Economic and Social Council, the Secretary-General made provision for the next review of the programme, to be organized in 1995, in the programme budget for the biennium 1994-1995.

Notes

1/ Official Records of the Economic and Social Council, 1993, Supplement No. 18 (E/1993/18), chap. IV, resolution 747 (XXVIII).

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System-wide Action Plan on Drug Abuse Control, including agency-specific implementation plans

Report of the Secretary-General

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INTRODUCTION

1. The United Nations System-wide Action Plan on Drug Control contained in the present document has been prepared and submitted in compliance with the requests made and the mandates given to the United Nations International Drug Control Programme (UNDCP) by the General Assembly 1/ and the Economic and Social Council. 2/

2. The General Assembly, in resolution 47/100 of 16 December 1992, expressing concern that there had been limited progress by the agencies of the United Nations system in incorporating in their programmes activities aimed at dealing with drug-related problems, requested the Administrative Committee on Coordination (ACC) to update the System-wide Action Plan for consideration by the Economic and Social Council at its substantive session of 1993 and by the Assembly at its forty-eighth session. The Assembly also called upon all relevant United Nations agencies to establish agency-specific implementation plans to incorporate in their programmes activities contained in the System-wide Action Plan, for inclusion in an annex to the Plan.

3. The Economic and Social Council, at its substantive session of 1993, had before it a note by the Secretary-General (A/48/178-E/1993/70), entitled "Update of the United Nations System-wide Action Plan on Drug Abuse Control", which focused on the definition of the strategic part of the System-wide Action Plan. The Council, in its decision 1993/251 of 27 July 1993, took note of the document containing the updated System-wide Action Plan.

4. The note by the Secretary-General (A/48/178-E/1993/70) on the update of the United Nations System-wide Action Plan was also considered by the General Assembly at its forty-eighth session. The Assembly, pursuant to its decision contained in resolution 47/99 of 16 December 1992, held five plenary meetings, at a high level, on 26, 27 and 28 October 1993, in order to examine urgently the status of international cooperation against the illicit production and sale of, demand for, traffic in and distribution of narcotic drugs and psychotropic substances. At that session, the Assembly adopted two resolutions dealing with drug abuse control: resolution 48/12 of 28 October 1993, entitled "Measures to strengthen international cooperation against the illicit production, sale, demand, traffic and distribution of narcotic drugs and psychotropic substances and related activities", and resolution 48/112 of 20 December 1993, entitled "International action to combat drug abuse and illicit production and trafficking".

5. The General Assembly, in resolution 48/12, stressed the need for consistency in efforts to implement the System-wide Action Plan and other drug control instruments; it also requested the Economic and Social Council, at its coordination segment in 1994, to examine the status of international cooperation within the United Nations system against the illicit production, sale, demand, trafficking and distribution of narcotic drugs and psychotropic substances in order to recommend ways and means to improve such cooperation and to report thereon to the Assembly at its forty-ninth session.

6. In its resolution 48/112, section IV, entitled "Implementation of the United Nations System-wide Action Plan on Drug Abuse Control: action by agencies of the United Nations system", the General Assembly, inter alia:

(a) Reaffirmed the coordinating and leadership role of the Executive Director of the United Nations International Drug Control Programme within the United Nations system;

(b) Called for completion of the updated System-wide Action Plan in time for the review and recommendation of the Commission on Narcotic Drugs at its thirty-seventh session and for the consideration of the Economic and Social Council at its regular session of 1994 and of the General Assembly at its forty-ninth session;

(c) Reiterated that the System-wide Action Plan should include agency-specific implementation plans and a reference to the important role and ability of the international financial institutions to promote economic stability and undermine the illicit drug industry;

(d) Called upon all relevant United Nations agencies to complete their agency-specific implementation plans and to fully incorporate in their programmes the mandates and activities contained in the System-wide Action Plan;

(e) Requested the Commission on Narcotic Drugs to pay particular attention to reviewing the agency-specific implementation plans of the System-wide Action Plan;

(f) Requested the Economic and Social Council to pay due attention to the role of the international financial institutions in supporting international drug control efforts, particularly in the field of alternative development;

(g) Requested UNDCP, in cooperation with the relevant agencies, particularly the United Nations Children's Fund, to report on the impact of drug abuse and related crime on children;

(h) Recommended that UNDCP should cooperate with the Crime Prevention and Criminal Justice Branch on activities to counter drug-related criminality, including money-laundering;

(i) Requested that the System-wide Action Plan be reviewed and updated on a biennial basis.

7. At the meeting of the Subcommittee on Drug Control, held in Paris from 6 to 8 September 1993, it was agreed that, inter alia, a new structure and format would be applied in the presentation of the System-wide Action Plan, particularly in respect of the agency-specific implementation plans, both as regards reporting on achievements and future activities and initiatives. The new document to be prepared would consist of three distinct parts: (a) the strategic orientation of the System-wide Action Plan; (b) the reports on the activities of the previous year; and (c) the forward-looking agency-specific implementation plans.

8. In the formulation of the agency-specific reports on the implementation of the System-wide Action Plan and of the agency-specific implementation plans, the following five categories have been used: prevention and demand reduction; treatment, rehabilitation and social reintegration; supply reduction; suppression of illicit traffic; and multisectoral activities. Within those five categories, a distinction has been introduced between "policy/strategy" and "action", the latter being subdivided as follows: data collection and dissemination, research, formulation of guidelines, training, institution-building and strengthening, and evaluation.

9. The selection of the above-mentioned categories was based on the components of the Global Programme of Action adopted by the General Assembly at its seventeenth special session, with the exception of the category of multisectoral activities, which was included in order to allow specialized agencies and organizations to cluster together programmes and projects that could not easily be made to fit into the other four categories.

10. Contributions to the System-wide Action Plan were received from the following United Nations entities: the Crime Prevention and Criminal Justice Branch, the United Nations Interregional Crime and Justice Research Institute, the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the World Health Organization (WHO), the International Maritime Organization (IMO) and the United Nations Industrial Development Organization (UNIDO). The United Nations Environment Programme stated that it had nothing to report. The United Nations Development Programme (UNDP) and the United Nations University (UNU) replied that they would not be able to make a submission this time, but intended to do so at the next opportunity. No replies were received from the Department for Policy Coordination and Sustainable Development of the Secretariat, UNICEF, the Food and Agriculture Organization of the United Nations, the International Civil Aviation Organization, the World Bank, the International Monetary Fund and the International Fund for Agricultural Development (IFAD).

11. The time available to United Nations entities to submit replies from September 1993 to February 1994 proved insufficient. Very few specialized agencies, organizations and other entities concerned submitted their replies on time. The agency-specific implementation plans submitted to UNDCP have been included in annexes I-VIII below.

12. In view of the fact that the definition of the strategic part of the System-wide Action Plan (A/48/178-E/1993/70) only took place during the second half of 1993, the present document does not include reports on achievements in 1993.

13. The annual activities of UNDCP are reflected in the report of the Executive Director to the Commission on Narcotic Drugs at each of its sessions. Implementation action taken in 1993 is thus available in a document of the Commission. 3/ With respect to the UNDCP equivalent of the agency-specific implementation plans requested by the General Assembly, the budget documents submitted to the Commission contain detailed projections of future activity. 4/

14. Despite certain difficulties encountered in the preparation of the System-wide Action Plan, the exercise should still be regarded as a useful one. The document contains useful information about what the United Nations system has been doing and proposes to do in the near future in the field of drug control to support the initiatives of Member States in response to specific needs and in compliance with the relevant mandates.

I. STRATEGY OF THE SYSTEM-WIDE ACTION PLAN

15. The present section presents the main elements of the strategy in summarized form.

16. The following areas were reflected in the strategy of the System-wide Action Plan (A/48/178-E/1993/70) in view of their actual or potential impact on the evolution of the drug abuse phenomenon or their linkages with it:

(a) Environmental hazards resulting from illicit drug cultivation and manufacture (para. 30);

(b) Use by trafficking networks of modern communication technologies (para. 35);

(c) Procedures for seizure and forfeiture of the proceeds of drug crimes (para. 37);

(d) High-risk groups such as: indigenous people; the elderly; the unemployed and the underemployed; refugees, asylum-seekers and displaced persons; street children; rural to urban migrants; urban poor (para. 50);

(e) Identification of safe chemical and biological agents for eradication purposes (para. 59);

(f) International agreements for commodities as a measure to support indirectly crop-substitution campaigns (para. 63);

(g) Alternative forms of sentencing for drug abusers (para. 70).

17. At the same time, the strategy focuses on the following practical measures and activities that the organizations and specialized agencies of the United Nations system should consider in order to combat effectively illicit drug production, trafficking and consumption:

(a) Creation and maintenance of a readily accessible database on programmes carried out and projected within the United Nations system and access to comparable systems maintained by multilateral, regional and bilateral organizations (to begin with, law enforcement training; demand reduction; assessment of the nature and extent of drug abuse and tracking of data on illicit traffic) (para. 18);

(b) Measures to combat money-laundering (para. 35);

(c) Improved methods for extradition and judicial cooperation (para. 37);

(d) Inter-agency cooperation in programme formulation, funding and delivery (para. 43);

(e) Master plans as an instrument of cohesiveness (paras. 45 and 64);

(f) Rooting demand-reduction efforts in supporting environments (the family, educational institutions, the workplace) (para. 48);

(g) Analysis of the effectiveness of existing methods of treatment and rehabilitation (for example, free needles programmes) (para. 54);

(h) Increased cooperation with non-governmental organizations in demand reduction (para. 57);

(i) Improvements to the international system for the control and monitoring of precursors and essential chemicals (paras. 59 and 60);

(j) Support to alternative development by financial institutions in illicit drug production areas identified by UNDCP; expanded market access for licit products from those areas (para. 61);

(k) Subregional approach to drug-control measures (para. 65);

(l) Increased exchange of intelligence information on illicit drugs as a measure to support law enforcement (para. 66);

(m) Improved measures to interdict illicit transport of drugs (especially on land/sea routes by container) (paras. 67 and 68).

II. COORDINATION ACTIVITIES OF THE UNITED NATIONS INTERNATIONAL DRUG CONTROL PROGRAMME

A. The coordinating role of the United Nations International Drug Control Programme

18. The General Assembly, in its resolution 46/104 of 16 December 1991, requested the Executive Director of UNDCP "to coordinate and provide leadership for all United Nations drug control activities". The United Nations system offers a number of structured coordinating mechanisms, and those are now increasingly taking their rightful role in the field of drug control.

19. The Administrative Committee on Coordination (ACC) itself has, over the past few years, undergone restructuring in order to enhance its effectiveness in policy formulation as required by the new international situation. This has involved the adoption of a streamlined coordinating mechanism and of simplified working methods. Thus, ACC is providing more and more impetus and effective direction to priority global issues relating to economic and social development. From the perspective of UNDCP, ACC offers a useful opportunity to promote a better understanding of the drug control issue and to promote greater priority

to it in the policies of other parts of the system. Drug control will be considered under a separate item of the agenda for the September 1994 session of ACC.

20. The ACC Subcommittee on Drug Control provides a regular opportunity for collective and more detailed joint analysis and consultation among the organizations in the United Nations system. Accordingly, it plays a significant role in coordination by regularly examining ways in which both formal and informal inter-agency cooperation can be promoted. As the range of participating agencies now includes the international financial institutions, greater association with such institutions is a high priority for UNDCP in the context of sustainable drug control initiatives, especially in the field of alternative development.

21. In addition to its participation in the ACC mechanisms, UNDCP is also working with the Joint Coordination Group on Policy (JCGP), which brings together United Nations entities that fund development activities (UNICEF, UNDP, the United Nations Population Fund (UNFPA), the World Food Programme and IFAD). One of the goals of JCGP is the synchronization and harmonization of programming cycles among those United Nations entities. UNDCP was given observer status with JCGP in February 1994, and also participated in early 1994 in the first inter-agency meeting on private sector fund-raising.

22. These relatively formal coordinating mechanisms play a vital role in promoting coordination of policy within the United Nations system and offer a unique opportunity for integrating the subject of drug control into the broader public policy and developmental process. They must be complemented, however, by coordination initiatives at various levels and in many different forms. True coordination can only emerge when individuals share knowledge on the nature and extent of the problem they are addressing and, on the basis of that knowledge, consciously pursue coordination in their day-to-day work within the established policy framework. Only then can the objectives of coordination, namely, more effective use of resources and a more comprehensive approach to the subject-matter, be achieved. To that end, UNDCP has actively pursued coordination at the bilateral level with other United Nations entities, at the sectoral level, at the level of specific activities and, ultimately, in the field at the needs assessment, project design and implementation stages.

B. Coordination between organizations

23. In order to strengthen links with other organizations within the United Nations system having mandates in the field of drug control, UNDCP has begun the preparation of inter-agency agreements that set forth the principles and frameworks for collaboration and coordination. Such an agreement has already been signed with FAO, and draft agreements are in preparation with ILO, UNESCO, WHO, IFAD and UNIDO, as well as with the Organization of African Unity, an intergovernmental organization outside the United Nations system. A revised working arrangement was signed with UNDP in October 1993, providing the framework for the sharing of responsibilities at the field level. The first structured cooperation arrangements with a regional commission of the Economic

and Social Council are being prepared with the Economic Commission for Africa. Such arrangements will eventually be extended to other organizations.

24. The importance of more informal cooperation has also been recognized. Regular informal meetings of technical specialists at the working level have been instituted with ILO and WHO. Such contacts facilitate the coordination of planning and identify opportunities for joint initiatives.

25. In addition to this headquarters-based coordination, a number of UNDCP field offices have begun more systematic inter-agency consultations. One endeavour worth noting in this connection is the establishment of an informal inter-agency group on drug control matters at Islamabad, which brings together all relevant United Nations entities working in Pakistan. Similarly, under the guidance of the United Nations resident coordinator, regular inter-agency coordination and consultation have led to the inclusion of quick-impact projects related to drug control in the United Nations action plan for the immediate rehabilitation in Afghanistan. In Viet Nam, the issue of illicit poppy cultivation is being addressed by a United Nations interdisciplinary group on ethnic minority development, which will assist in the design of integrated area development projects.

26. Pursuant to Commission on Narcotic Drugs resolution 10 (XXXVI) of 7 April 1993 and Economic and Social Council resolution 1993/34, section V, of 27 July 1993, UNDCP and the Crime Prevention and Criminal Justice Branch have taken concrete steps to promote coordination of their activities. A joint paper on drugs and crime is being prepared for the Ninth United Nations Congress on the Prevention of Crime and the Treatment of Offenders, to be held in 1995. Joint missions have been organized with the Crime Prevention and Criminal Justice Branch, and an informal coordination group has been established consisting of Vienna-based staff of the two United Nations entities, aimed at identifying and developing concrete collaboration.

C. Coordination at the sectoral level

27. The multifaceted nature of drug control necessitates the involvement of specialized organizations from a wide range of sectors. Each organization can make a valuable contribution within its own discipline. Among the joint initiatives being pursued is a series of expert forums on demand reduction, regional and subregional levels. Although the expert forums are organized for the benefit of Member States, UNDCP has chosen to go beyond the traditional practice of inviting other organizations to attend them in favour of involving the organizations directly in the substantive aspects of the expert forums. While the formula differs slightly from region to region, ILO, UNESCO, WHO and, in some cases, other organizations are invited to be responsible for specific topics on the agenda of each expert forum. The approach met with enthusiastic response in the first such expert forum held at Nairobi from 1 to 5 November 1993, and in the planning for the second, which was held at São Paulo, Brazil, from 10 to 13 May 1994, which will involve the Inter-American Drug Abuse Control Commission (CICAD) of the Organization of American States (OAS).

28. A variation of this approach is being followed in the eastern European subregion. During the preliminary planning for a subregional expert forum on demand reduction, it was recognized that a problem involving coordination was emerging with regard to international assistance to Eastern Europe in the field of demand reduction. In November 1993, the United Nations International Drug Control Programme, in furtherance of its leadership and coordination responsibilities, convened at Vienna a meeting of United Nations and other aid programmes to determine a possible coordinating mechanism among the organizations concerned. An informal information exchange system is being set up as a result so that priority needs can be agreed on and possibilities for coordinated approaches can be identified with a view to promoting better use of the limited resources available.

29. The relevance of the drug control issue is not always entirely understood by organizations working in related fields. UNDCP has produced a discussion paper on drugs and development in which the many linkages between drug issues and socio-economic development are explored. The paper, which developed from discussions between the Executive Director of UNDCP and the Administrator of UNDP, is intended to encourage the coordination of drug control with the work of development-oriented organizations. Improved understanding should ultimately lead to the incorporation of drug control elements, as appropriate, into socio-economic development planning and activities.

30. A similar objective figures prominently in a UNDCP technical paper on alternative development methodology for areas where illicit cultivation is taking place. The technical paper was prepared in connection with two seminars on the subject, one of which was organized by the Government of Germany and was held at Berlin in April 1993, and the other was organized by UNDCP and CICAD and was held at Lima in September 1993. The technical paper highlights the need to promote in such areas sustainable development that goes well beyond the limited drug control mandate of UNDCP and requires the involvement of development agencies and international financial institutions. Such papers form the conceptual starting-point for the long-term coordination of efforts by other United Nations entities in the interest of drug control.

31. Two other technical papers have been prepared in direct collaboration with other United Nations entities. A position paper on women and drug abuse has emerged from the work of the ACC Subcommittee on Drug Control. The paper, prepared jointly by the Division for the Advancement of Women of the Secretariat, UNDCP and WHO, has been submitted to the preparatory meetings for the Fourth World Conference on Women: Action for Equality, Development and Peace, to be held at Beijing in 1995.

32. Work is also proceeding on an ambitious multi-agency paper on the social and economic consequences of illicit drug production, trafficking and abuse, which will be submitted to the World Summit on Social Development, to be held in 1995. The paper, which is being prepared under UNDCP leadership, incorporates inputs from a dozen United Nations entities, including UNDP, ILO, UNESCO, WHO, the World Bank and IFAD. The outline for the paper was elaborated with the assistance of all interested agencies in the ACC Subcommittee on Drug Control, and the final text will represent the first system-wide position paper ever prepared in the field of drug control.

D. Coordination at the project level

33. Efforts at improving coordination at the project level have also started to bear fruit. It was recognized by UNDCP that the needs for coordination could not be satisfied by relying solely on the practice of turning to other United Nations entities as executing agencies for UNDCP-financed projects. While executing agency arrangements are essential to ensure the best available technical input and managerial support for projects, they do not themselves lead to improved coordination. Far more useful in that respect are initiatives that bring in partners at the planning stage and in joint projects. There is a growing list of UNDCP-financed projects that put into practice those fundamental principles, which were often overlooked in the past. While the individual projects are described in budget documents prepared for the Commission on Narcotic Drugs, a few representative cases are mentioned below by region.

34. In Africa, UNDCP and WHO are jointly executing a pilot study on rapid drug abuse assessment in Cameroon, to be replicated in other Central African countries. In Mauritius, UNDCP, ILO and WHO undertook a joint assessment and needs-identification mission in 1993. In Zimbabwe, ILO is ensuring linkage between its own project in vocational training and a project it is executing for UNDCP in social reintegration.

35. In Asia, UNDCP and WHO are co-financing a training course in demand reduction to be held in June 1994; the participants will be from China and the territories of Hong Kong and Macao. In China and Viet Nam, UNDCP and WHO are collaborating closely on activities related to human immunodeficiency virus (HIV) and drug abuse; joint technical missions are planned. In the Lao People's Democratic Republic, IFAD is providing agricultural loans, while UNDCP is providing technical assistance for alternative development in Xieng Khouang Province. In Myanmar, UNICEF provides potable water systems and immunization campaigns in UNDCP alternative development project areas. In Pakistan, IFAD is considering a major loan to support agricultural development projects in the Dir District, complementing the UNDCP alternative development project. In Viet Nam, UNDCP and UNICEF have agreed to include drug concerns in the UNICEF booklet entitled Facts for Life.

36. In Europe and the Near and Middle East, UNDCP and WHO have conducted a series of three demand reduction workshops in Kazakhstan, Poland and the Russian Federation. In Lebanon, the Economic and Social Commission of Western Asia, UNDP, FAO, UNESCO and WHO joined UNDCP in a technical consultation as part of a project development exercise; and UNDCP and UNDP are operating, with FAO involvement, a cost-sharing project in alternative development in the Beqaa Valley.

37. In Latin America and the Caribbean, WHO is promoting basic sanitation for communities involved in alternative development activities in countries in the Andean subregion. In addition, the International Trade Centre UNCTAD/GATT is producing market studies of potentially viable agro-industrial products of interest to alternative development projects in that subregion. In Bolivia, FAO is providing assistance in introducing environmentally sound management systems for national parks in Chapare that were previously used for illicit coca cultivation; and UNIDO is providing an adviser to the Government on transferring

to cooperatives or to the private sector small and medium-size enterprises, targeting agro-industrial enterprises introduced in Chapare in connection with alternative development. In Bolivia and Chile, ILO is providing technical guidance for the introduction of comprehensive drug abuse prevention programmes for workers and their families. In Bolivia and the Dominican Republic, UNESCO is providing assistance in incorporating drug abuse prevention measures in national school curricula. In Brazil, the Government, UNDCP and WHO have together developed a major drug abuse prevention programme targeting intravenous drug abusers.

38. In Egypt, Mexico, Namibia, Poland and Sri Lanka, UNDCP and WHO, led by ILO, are jointly implementing a project to develop and test drug abuse prevention programmes for workers and their families.

E. Coordination of special activities

39. The coordination framework afforded by national master plans can facilitate the coordination of United Nations technical cooperation in support of the implementation of those master plans. In addition, UNDCP has introduced country programme frameworks, which serve as internal planning tools setting forth the various objectives to be pursued as they relate to technical cooperation priorities.

40. As needs are much more clearly identified through these tools, participating organizations can more easily identify areas of common concern and proceed with joint or complementary actions from the planning stage onwards, rather than attempting to coordinate already approved activities designed in isolation. A good example of this is the need, recognized by both UNDCP and FAO, to take advantage of promising technical innovations in the use of remote-sensing techniques for monitoring illicit cultivation. The result is (a) fully institutionalized collaboration between the technical officers concerned, and (b) joint activities at the field level.

41. A second example is the recognition of the need to seek partnerships in undertaking research activities to assess the economic implications of illicit drug production, trafficking and abuse. A pioneering study on this issue is nearing completion in Pakistan, in consultation with UNDP, the World Bank and the European Economic Community. The report on the study will serve as the background document for the 1995 World Bank consultative group meeting on Pakistan, where the drug issue will appear in the agenda. Similar studies are expected to be carried out in other countries, again in cooperation with UNDP and the World Bank.

42. A third example involves UNDCP activities aimed at strengthening controls over licit drugs, undertaken in close consultation with the International Narcotics Control Board. WHO has become a full partner in those activities. UNDCP and WHO co-sponsored and co-financed a technical consultation on parallel distribution systems, held at Vienna in June 1993, and the two organizations co-sponsored a pilot training course for pharmacy inspectors, based on curriculum material developed by UNDCP, held at Tunis in April 1994. Those

activities emerged from regular informal contact between the specialists of the two United Nations entities.

F. Conclusion

43. In pursuit of its mandated responsibility to lead and coordinate the drug control activities of the United Nations system, UNDCP pursues a multi-level strategy that addresses both policies and operations. At the core of this strategy is the promotion of partnerships with all relevant organizations in the system. The partnerships can best ensure the coordinated use of resources if they are based on shared responsibility. Every effort is made to identify and try out new applications of the principle of partnership. While the present document is limited to describing coordination within the United Nations system and citing a few concrete examples, similar principles are being applied by UNDCP when dealing with organizations outside the United Nations system and with bilateral partners.

44. It is the intention of UNDCP to work from this set of basic coordination principles to motivate and involve other parts of the system. An important objective is to go beyond the coordination of activities to ensure that other parts of the system incorporate aspects of drug control into their own programmes. This process will need to be supported not only within the secretariats of other United Nations entities, but also by the Member States in the various governing bodies. The inclusion of the issue of drug control in the coordination segment of the Economic and Social Council offers an opportunity to Member States to highlight their desire to see a truly coordinated approach to drug control in the United Nations system, with each organization and specialized agency taking on its own responsibilities under the leadership and guidance of UNDCP.

Notes

1/ See General Assembly resolutions 44/141 of 15 December 1989, S-17/2 of 23 February 1990, 45/179 of 21 December 1990, 47/99 and 47/100 of 16 December 1992, 48/12 of 28 October 1993 and 48/112 of 20 December 1993.

2/ See Economic and Social Council resolutions 1990/87 of 27 July 1990 and 1991/38 of 21 June 1991.

3/ E/CN.7/1994/2.

4/ For the latest submission, see Commission documents E/CN.7/1993/14 and Add.1 and Add.1/Corr.1.

ANNEX I

Crime Prevention and Criminal Justice Branch

Area of activity: Suppression of illicit traffic

1. Policy/strategy

1. In addition to the ongoing activities of the Crime Prevention and Criminal Justice Branch, a number of major meetings are scheduled for 1994. These include the third session of the Commission on Crime Prevention and Criminal Justice and the regional preparatory meetings for the Ninth United Nations Congress on the Prevention of Crime and the Treatment of Offenders in 1995. These meetings will cover a wide range of criminal justice topics. Of particular relevance are two international conferences to be held in Italy, which are described below.

2. Action planned

(a) World Ministerial Conference on Organized Transnational Crime

2. A conference on this topic, requested by the Economic and Social Council in resolution 1993/29 of 27 July 1993 and to be hosted by the Government of Italy, will be organized by the Branch for the third quarter of 1994, with the following objectives:

(a) To examine the problems and dangers posed by transnational and organized crime in the various regions of the world;

(b) To consider national legislation and to evaluate its adequacy to deal with the various forms of organized transnational crime and to identify appropriate guidelines for legislative and other measures to be taken at the national level;

(c) To identify the most effective forms of international cooperation for the prevention and control of organized transnational crime at the investigative, prosecutorial and judicial levels;

(d) To consider appropriate modalities and guidelines for the prevention and control of organized transnational crime at the regional and international levels; and

(e) To consider whether it would be feasible to elaborate international instruments, including conventions, against organized transnational crime.

(b) International Conference on Laundering and Controlling Proceeds of Crime: A Global Approach

3. The Economic and Social Council, in resolution 1993/30 of 27 July 1993, welcomed an initiative by the Government of Italy and the International

Scientific and Professional Advisory Council to organize an international conference on money-laundering. This will be under the auspices of the Branch, in cooperation with financial institutions, and will involve the various countries which have dealt with the problem of controlling the proceeds of crime. The conference is tentatively scheduled to be held from 17 to 21 June 1994.

ANNEX II

United Nations Interregional Crime and Justice Research Institute

Areas of activity: A. Prevention and demand reduction
B. Treatment, rehabilitation and social reintegration

A. Prevention and demand reduction

1. Policy/strategy

1. The United Nations Interregional Crime and Justice Research Institute (UNICRI) will focus its efforts on the role of women in prevention and demand reduction, on the one hand, and on inmates of penitentiary institutions as drug abuse prevention operators on the other. This will involve two projects which are described below.

2. Action planned

(a) Project: "Promotion of Women in the Leadership of Education on Drug Abuse in Mediterranean Countries"

2. This was project carried out jointly by UNICRI, UNESCO and the Commission of the European Communities. The feasibility phase was implemented in 1993 by UNICRI and UNESCO, and a tripartite meeting took place in January 1994 to finalize the project document.

3. The goal of the project is to promote women as preventive/educative agents in substance abuse prevention and demand reduction in the Mediterranean region. This chosen region represents a bridge between North and South. The diversities existing among the various countries that belong to this area in terms of culture, religion and development, the increase in drug production and trafficking, and the evolution of gender roles, are all elements that seem to create tension within the interested area of intervention.

4. In that context, women are confronted with a rapid change of identity and should be given the chance to intervene in the building-up of their society. The project, using the peer education approach, aims to have women increasingly involved in the building of future societies in the selected region. In particular it will give them the opportunity to act as preventive agents to stem substance abuse, a major threat to social development. For each country a specific group of women "at risk", as well as a peer group, will be identified through country assessment.

5. The direct beneficiaries will be the chosen peer group who will receive the necessary training so as to become the peer educators. The secondary beneficiaries of the project will be the group of women "at risk" who will receive the peer education.

(i) Data collection and dissemination

6. The following activities have been scheduled with a view to improving knowledge about women and substance abuse in the Mediterranean region: preparation of national reports; determination of country-selection criteria; selection of national reports' authors; and data collection and preparation of reports.

(ii) Training

7. In order to improve women's ability in preventing substance abuse, the project foresees the development of a training manual for preventive education to be carried out by women; adaptation of the manual to the various selected countries; selection and training of trainers for their development into women's peer educators; selection and training of peer educators; and the implementation of peer education.

(iii) Institution-building and strengthening

8. The project includes the organization of an expert meeting and of a regional conference to sensitize decision makers to the need to integrate women's leadership in national substance abuse preventive education strategies.

(iv) Evaluation

9. The review and evaluation of reports and of activities carried out is programmed as part of the project.

(b) Project: "Pilot Project for the Realization of Multi-Media Programmes Targeted at the Vocational Training of Prisoners as Drug Abuse Prevention Operators"

10. This project, still under negotiation for funding, is to be implemented in collaboration with the Italian National Research Council and the Department of Correctional Administration of the Ministry of Justice.

11. It is well known that prisons are high-risk environments for drug abusers/dependants. In addition, the risk of spreading drug abuse among the non-user prisoners is steadily increasing. In that connection, specific secondary prevention within correctional institutions is needed. The project will also foresee a prisoners' rehabilitation action, in order to provide the prisoners with a professional qualification that allows them to carry out specific and socially valuable work once they are released.

(i) Data collection and dissemination

12. To promote an effective secondary drug abuse prevention among the prison population, the project calls for the establishment, within the UNICRI documentation centre, of a specific section for the collection of international multi-media materials (publications, software, CD ROMs etc.) on drug abuse prevention in the correctional environment.

(ii) Formulation of guidelines

13. Selected materials will be adapted to the socio-cultural needs and characteristics of the chosen sample of the prison population.

(iii) Institution-building and strengthening

14. The rehabilitation of prisoners through their training to conduct drug abuse prevention activities among fellow-prisoners is an objective of the project. This will entail the selection of correctional institutions for the implementation of the pilot project and, within the chosen institutions, the selection of 50 specialized correctional operators (psychologists, physicians, social workers etc.) and 500 prisoners for the rehabilitation programme.

B. Treatment, rehabilitation and social reintegration

1. Policy/strategy

15. UNICRI will support treatment, rehabilitation and social reintegration through the strengthening of capabilities of staff of the criminal justice and health care institutions in carrying out HIV-risk education campaigns. This will be done through the concept of training of trainers.

2. Action planned

Project: "European Training of Trainers and Multilingual Handbook of Reference on HIV Risk Education of the Intravenous Drug Abusers in Prison"

16. The proportion of drug abusers in correctional institutions all over Europe has grown enormously in recent decades. Staff, either members of the prison staff or from outside the institutions, who give assistance and medical care to drug abusers in jail, have faced the emergence and the growth of HIV infection and AIDS disease in that population. In addition, the type and quality of health care facilities at penal institutions in different European countries are not comparable.

17. There is also a widespread confusion of terms when HIV-risk reduction/prevention activities are organized in connection with drug-related problems. The inadequate use of terminology, in general, and particularly within the administration of the judicial system, creates problems in assessment and intervention strategies.

18. Training of trainers is a proven effective model which offers the opportunity to create a pooling of efforts between criminal justice and health care officials to benefit the drug-dependent offender at-risk of HIV in the specific context of jail commitment and in the community in general.

(i) Formulation of guidelines

19. The project aims at setting strategies for Member States which, on the one hand, have not yet acquired an organized body of knowledge concerning the problem and, on the other hand, States which have such knowledge together with previous experience in strategies application and evaluation methodology.

(ii) Training

20. A series of three training courses for trainers from all participating countries will be organized, and a multilingual handbook will be prepared reflecting the current status of scientific knowledge, shared experiences, previous and actual national situations, and strategies developed during the project (and specifically within the courses). National organizations will be responsible for the implementation of the handbook and developing, inserting and coordinating their own culturally specific aspects, methodologies and strategies concerning the targets of the project. In that perspective, the handbook will include updated international scientific literature, the didactic support developed during the courses and, most important, the theoretical network and the practical tools for applying effective strategies in Member States.

ANNEX III

International Labour Organization

Areas of activities: A. Prevention and demand reduction
B. Treatment, rehabilitation and social reintegration

A. Prevention and demand reduction

1. Policy/strategy

1. In carrying out its mandates, the International Labour Organization (ILO) has developed an integrated and interdepartmental programme with a view to tapping all of its available experience and expertise for the benefit of promoting prevention and assistance programmes in the workplace. The strategy pursued consists of the following areas of interrelated activity: collection of baseline data, review of literature and compilation of available material; analysis of that knowledge-base with a view to formulating policy and programming guidelines, and their wide dissemination; development of resources required for programme implementation; development of plans of action for staff training courses leading to the implementation of demonstration programmes; and evaluation of programmes and dissemination of findings.

2. The target population of ILO activity is workers and the main setting for action is the workplace. Integration of drug and alcohol issues into ongoing programmes in the workplace is emphasized. Thus, linkage and harmony with community-based and union-based activities are of paramount importance. Particular attention is paid to the special circumstances, characteristics and size of various industries and businesses and the special needs of different professions.

2. Action planned

3. The ILO strategy is put into action through a cluster of ongoing and planned projects which are executed in collaboration with ILO tripartite constituents - Governments, employers and workers. A number of projects currently under consideration for funding, which are likely to commence in 1994, include:

(a) A project to identify exemplary programmes in workplace prevention and assistance to be utilized as modes for staff training and replication;

(b) The development of a regular staff training course in the management of drug and alcohol problems in the workplace;

(c) A special project to mobilize and support enterprises in several Central and Eastern European countries in preventing drug and alcohol problems at work.

(a) Data collection and dissemination

4. Sample surveys to assess prevalence and incidence of substance abuse in the workplace are now routinely included in ILO projects and findings reported to the UNDCP International Drug Abuse Assessment System (IDAAS). The proceedings of the 1993 ILO Tripartite Meeting of Experts, which include the guiding principles on drug and alcohol testing in the workplace, will be disseminated in the near future.

5. A study by ILO/Commission of the European Communities of attitudes, policy and legislation concerning drugs in the workplace has been completed in the member States of the European Community. Findings from the study will be disseminated in the near future through publications and symposia.

(b) Research

6. ILO will collaborate with the Canadian Centre on Substance Abuse to study the economic and social cost of drug abuse and to develop an internationally acceptable methodology for such studies.

(c) Formulation of guidelines

7. A draft "Code of Practice" on management of drug and alcohol problems in the workplace will be prepared in 1994, which will be presented to an ILO tripartite meeting of experts in early 1995 for review, revision and eventual adoption. In addition, a set of guidelines on drug and alcohol issues will be developed for occupational safety and health personnel, as well as a paper for the promotion and implementation of drug and alcohol prevention and assistance programmes for small enterprises.

(d) Training

8. Training constitutes an essential element of ILO activities in this field and is a regular component of projects. In 1994, various orientation seminars, training courses and workshops will be held for representatives from Governments and employer and worker organizations, as well as from individual enterprises and non-governmental organizations in Chile, Egypt, India, Jamaica, Malawi, Mexico, Namibia, Pakistan, the Philippines, Poland, Sri Lanka, the United Republic of Tanzania, Zambia and Zimbabwe.

(e) Institution-building and strengthening

9. The thrust of the ILO project is integration of prevention measures into ongoing programmes in the workplace and relevant activities in the community. Systematic efforts are made, however, to build on the institutional capacity and capability of recipient Governments and enterprises to sustain activities and services. This is done in a variety of ways through strengthening existing units, setting up a project development base, establishing resource centres and occasionally a specialized organization at the national level.

10. In this connection, an ILO/UNDCP project for the development of drug and alcohol prevention programmes in the maritime industry is being carried out in

collaboration with the International Maritime Organization, the International Shipping Federation, the International Transport Workers' Federation (as well as a number of shipping lines), and the Government of the Philippines. In addition, the ILO/WHO/UNDCP project to develop model programmes for drug and alcohol abuse prevention among workers and their families is being implemented in Egypt, Mexico, Namibia, Poland and Sri Lanka.

(f) Evaluation

11. Projects are evaluated according to ILO and donor agency requirements and procedures. A special evaluation programme has been formulated for the ILO/WHO project to identify the process of adaptation of the core elements in the basic model programmes.

B. Treatment, rehabilitation and social reintegration

1. Policy/strategy

12. In carrying out its mandates in this field, ILO pursues the general strategy for prevention activities in the workplace outlined in section A above. However, the target population for this programme involve unemployed recovering addicts, in which youth constitute a majority.

13. Programmes are aimed at introducing, upgrading and improving basic rehabilitation and social reintegration policies, strategies, programmes and services for recovering addicts. Relapse prevention is emphasized. More community-oriented activities, non-governmental organization participation, adaptation of various approaches, work preparation schemes, income-generating activities, self-help, utilization of volunteers etc. are being emphasized.

2. Action planned

14. A range of projects, which include research, training and actual programme development, are undertaken to operationalize the ILO strategy on rehabilitation using "return to work" as the main vehicle in the process of social reintegration of recovering addicts.

(a) Research

15. ILO will carry out research on addiction rehabilitation programmes.

(b) Training

16. A joint project by ILO, UNDCP, the International Federation of Non-governmental Organizations and University Sains of Malaysia will result in a regional training programme on addiction rehabilitation for selected countries of the Asia/Pacific region.

(c) Institution-building and strengthening

17. An ILO/Norway project to establish resource centres for rehabilitation, workplace initiatives and community action on drugs and alcohol is in progress in Malawi, Namibia, the United Republic of Tanzania and Zambia.

18. In addition, ILO/UNDCP projects on the development of community drug rehabilitation and workplace prevention programmes will be carried out in India and Pakistan, as well as the ongoing Thailand project on the strengthening of rehabilitation programmes for recovering addicts.

19. The ILO/UNDCP project on rehabilitation workplace initiatives and community action on drugs and alcohol in Zimbabwe (Phase III) will continue.

ANNEX IV

United Nations Educational, Scientific and Cultural Organization

Area of activity: Prevention and demand reduction

1. Policy/strategy

1. In carrying out mandates in the context of the programme of education for the prevention of drug abuse, the future direction of UNESCO activities in the area of drug control will follow its present trend, but will highlight certain aspects of its strategy as explained below, focus more on vulnerable social groups and intensify relevant actions.

(a) Response to a major global societal problem

2. Emphasizing an interdisciplinary approach aimed at improving the quality of life through preventive education, collaboration is foreseen with the United Nations Population Fund and the United Nations Environment Programme to link population and environment educational elements with curricula and out-of-school activities, contributing to social development in ways which respect the environment, traditional and cultural values, and modern life constraints. UNESCO will also seek further expansion of the educational component in national master plans to reduce the demand for drugs.

3. The secretariat programme highlights a comprehensive approach bridging the gap between the world of education and the world of work. This implies a solid bond between formal and informal preventive education, assisting countries, on the one hand, to introduce preventive education into different disciplines of school curricula and, on the other hand, to promote art and creativity for a culture and lifestyle free of drug dependency, including concrete activities for leisure time and popular artistic events.

4. On the whole, interaction should be maintained between school and out-of-school education, at the same time intensifying preventive activities. The impact of prevention education is greatest when it is integrated into the overall framework of academic, social and cultural learning.

(b) Priority target populations

5. The rapid spread of solvent sniffing among very young children has become a serious problem world wide, which calls for urgent preventive action through education among the juvenile population. Activities have already been undertaken to train street educators in collaboration with non-governmental organizations in order to systematize the exchange of information on successful actions. A guideline for street educators will be produced.

6. In the absence of exhaustive studies on women and drug abuse, the hypothesis put forward by UNESCO is that female drug abusers have specific cultural features which might enable them to benefit from specific preventive

education, and that the role of women as intervening agents of social development, particularly as peer actors in preventive education on drug abuse, should be enhanced.

7. Lastly, among other vulnerable groups mention should be made of the elderly and ethnic minorities, refugees, and groups with specific problems related to their particular situation in society, which have often been overlooked in terms of drug abuse prevention.

2. Action planned

8. The preventive education programme of UNESCO will intensify its efforts in systematic assessment of needs and gaps in preventive education at the national level; information networking to exchange data and information on strategies and achievements in preventive education on drug abuse; links with the media to ensure that a critical educational approach be maintained with regard to publicity (for example to avoid the glamorizing of drug abuse in songs, films and other commercial products); and training of educational personnel for both school and out-of-school activities aimed at children.

(a) Data collection and dissemination

9. Within the framework of a joint project of UNESCO and the Commission of the European Communities, publications in English, French and Spanish will include an "International Directory" of institutions and professionals involved in preventive education on drug abuse; an update of an "Annotated International Bibliography", including selected documents about preventive education; and a quarterly International Newsletter on preventive education against drug abuse.

10. Following requests for samples of audio-visual materials reflecting the approach of various countries to drug abuse prevention, the UNESCO Audio-Visual Centre has gathered together a collection of 53 video films from 26 countries and over 150 posters from 38 countries, as well as several training kits, product catalogues, stickers and badges etc. Approximately 450 contributing institutions in over 80 countries are listed in a computerized index, which is distributed and provided to experts and visitors to the Centre on request.

(b) Research

11. UNESCO provides methodological support to research activities to ensure maximum effectiveness of preventive education, such as adequate messages to target populations. In Africa, a "Baseline Survey" report will be made on socio-cultural and economic factors linked to drug abuse in Ghana, and a socio-epidemiological study of drug consumption among youth from 14 to 24 years of age will be conducted in Senegal.

(c) Training

12. Projects are envisaged in Africa, Asia, Europe and Latin America and the Caribbean. A project in Ghana, funded by UNDCP, initiated in 1990 and recently extended for the period 1994-1995, will update the Teacher's Guide, conduct

refresher courses for teachers in preventive education and support literacy campaigns for farmers.

13. A project in Myanmar dating from 1986 and resumed in 1991, was evaluated in early 1993 and extended with a view to strengthening preventive education through in-school and out-of-school activities, including the development of audio-visual material.

14. A joint project with UNICRI to promote women as agents for social development in preventive education on drug abuse in the Mediterranean region will utilize the peer education approach. National training guides will be produced in selected countries.

15. The training of street educators in the Andean countries has continued in 1994, and a UNDCP-funded project will result in the publication of a Teacher's Sourcebook for the Caribbean region providing teachers and educators a framework and strategy for preventive education on drug abuse.

ANNEX V

World Health Organization

Areas of activity: A. Prevention and demand reduction
B. Treatment, rehabilitation and social reintegration

1. The Programme on Substance Abuse (PSA) of the World Health Organization (WHO) has programmed specific activities for 1994-1995. The budgets for each of the listed themes show the resources considered as essential by PSA to develop and implement the stated activities during this biennium. They do not reflect the total amounts needed for the continuation of the projects beyond 1995. As a special programme of WHO, PSA looks primarily to voluntary contributions for its activities.

A. Prevention and demand reduction

1. Policy/strategy

2. The main focus of the work in prevention is the development and evaluation of approaches to the reduction of health and social problems associated with substance use and abuse. This includes the gathering and dissemination of information regarding use, abuse and prevention efforts.

2. Action planned

3. Activities in this context fall into four main areas:

(a) Epidemiological information on substance use and abuse, which covers activities related to the development and application of epidemiological tools, the compilation and updating of statistical reports and the implementation of assessment procedures in particular locations;

(b) Prevention of substance abuse in specific populations, which addresses prevention and health promotion strategies for populations defined demographically, geographically, occupationally or by other variables;

(c) Prevention of specific problems, which includes activities designed to address one or more defined health or social problems associated with substance use and abuse; and

(d) Development of prevention and health promotion techniques, which covers activities relating to the formulation, design and evaluation of techniques for substance abuse prevention and health promotion in order to identify promising approaches and to develop them for wider applicability, particularly in relation to the needs of developing countries.

4. In addition, WHO/PSA will support the effective implementation of the existing international regulatory control system for narcotic drugs and

psychotropic substances in collaboration with Governments and relevant international organizations. The primary activity is the assessment of psychoactive substances in order to fulfil the treaty obligations assigned to WHO and to make recommendations to the Commission on Narcotic Drugs concerning their possible international control. Regulatory support activities aim at strengthening the capability of national regulatory agencies through training, the development of regulatory guidelines and methodologies, and through informational and material support. Also covered is the rational use of controlled medicines with a view to promoting rational prescribing practices by enhancing knowledge about factors influencing drug use.

B. Treatment, rehabilitation and social reintegration

1. Policy/strategy

5. The objectives under this programme are to identify and develop cost effective treatment, rehabilitation and other harm reduction approaches associated with psychoactive substance abuse, and to integrate such approaches into primary health care.

2. Action planned

6. Activities of WHO in this area are concentrated on service development, community empowerment and action-oriented research. Service development, with particular emphasis on primary health care, training and the strengthening of the national health system, is one of the objectives of projects in this area, since care available to substance abusers is often inadequate or non-existent.

7. Projects in this area also have the aim of identifying, developing and promoting solutions which, at the local level, are appropriate to enhance the health of the community, in recognition of the fact that local communities often have the possibility of controlling the harmful effects of alcohol and drug abuse which they experience by identifying indigenous strengths and resources that can facilitate intervention programmes.

8. Lastly, the involvement of practitioners is helpful in linking research to action, and careful thought must be given to the training, support and supervision of such practitioners engaged in research to develop objectivity and proper standards of scientific inquiry.

ANNEX VI

International Maritime Organization

Areas of activity: A. Prevention and demand reduction
B. Suppression of illicit traffic

A. Prevention and demand reduction

1. Policy/strategy

1. The general guidelines concerning drug and alcohol abuse and its impact on the health of seafarers need to be periodically reviewed and strengthened.

2. Action planned

(a) Institution-building and strengthening

2. It is expected that a Subcommittee meeting in 1994 will recommend that, in 1995, the IMO Assembly should incorporate in a resolution the principles and guidelines concerning drug abuse that were circulated in 1992.

3. IMO will continue cooperating in the ILO tripartite expert meeting on drug and alcohol abuse and in the annual meetings of the joint ILO/WHO committee where the health of seafarers is considered.

B. Suppression of illicit traffic

1. Policy/strategy

4. Cooperation between Governments and commercial shippers should be facilitated and advanced by all possible means.

2. Action planned

(a) Training

5. Four seminars are scheduled to be held in 1994 in the context of the joint IMO/ESCAP project to facilitate international maritime traffic.

(b) Institution-building and strengthening

6. Work will continue towards the adoption of draft amendments to the annex of the Convention on the Facilitation of International Maritime Traffic to promote the conclusion of Memoranda of Understanding (MOUs) between Governments and commercial carriers, as suggested by the Customs Cooperation Council, and to improve cooperation between port authorities and shipowners.

ANNEX VII

United Nations Industrial Development Organization

Areas of activity: A. Treatment, rehabilitation and social reintegration
B. Supply reduction
C. Multisectoral activities

A. Treatment, rehabilitation and social reintegration

1. Policy/strategy

1. The United Nations Industrial Development Organization (UNIDO) aims to reduce the spread of HIV/AIDS among addicts through the production of disposable syringes and other medical supplies in developing countries.

2. Action planned

2. Technical cooperation projects will be developed to establish or increase production of disposable syringes and relevant medical supplies.

B. Supply reduction

1. Policy/strategy

3. Within the mandate of UNIDO, assistance will be extended to States in the promotion and implementation of the relevant sectors of the Global Programme of Action. This will involve programmes aimed at supply reduction by alternative development through crop substitution projects, resulting in effective agro-based industries and value-added products.

2. Action planned

(a) Research

4. Cost benefit studies on the industrial use of crops that could be used as substitutes will be carried out on experimental plots in India and the United Republic of Tanzania.

(b) Training

5. Seminars and training programmes will be conducted in illicit growing areas to motivate women with respect to entrepreneurship and the possibilities of small-scale processing of food, spices, and aromatic and medicinal plants.

(c) Institution-building and strengthening

6. Support will be given to an alternative development programme in Bolivia through industrial utilization of food, and medicinal and aromatic plants. The activities of tne UNDCP-funded project on agro-industrial development in the Chapare region will be continued.

7. Technology transfer or improvement to convert excess stocks of opium in India into licit drugs (such as codeine or ethylmorphine) will be initiated in collaboration with UNDCP.

8. A project proposal will be presented to the Government of Pakistan aimed at involving local and foreign investors who have access to markets of high value-added agro-industrial products so that crops involving labour-intensive cultivation could be introduced to developing countries to substitute for illicit crops. This concept will enable producers to have a ready access to markets guaranteed by the investors.

9. Projects will be developed on industrial utilization of medicinal and aromatic plants in areas that are in close proximity to illicit crop-growing areas to diminish the spread of illicit cultivation and halt the migration of people to illicit crop-growing areas.

C. Multisectoral activities

1. Policy/strategy

10. In order to support national laboratories responsible for analysis of both licit and illicit drugs, there is a need to train technical personnel in detecting the presence and identifying the degree of purity of narcotic drugs and psychotropic substances.

2. Action planned

(a) Training

11. A group training course for participants from developing countries will be organized to impart the analysis capability required to assist national regulatory bodies in identifying the degree of purity of both licit and illicit drugs.

(b) Institution-building and strengthening

12. The analytical facilities of national control laboratories will be enhanced to permit the detection of illicit imitation products containing narcotic drugs and psychotropic substances. In that connection, local production of chemical reagents needed for such analysis will be encouraged in developing countries.

ANNEX VIII

United Nations Children's Fund

Areas of activities: A. Prevention and demand reduction
B. Multisectoral activities

A. Prevention and demand reduction

1. Policy/strategy

1. The United Nations Children's Fund (UNICEF) will continue to include the prevention of substance use and abuse (including drugs, tobacco and alcohol) within the overall context of its current programming efforts to promote and maintain the health and development of children and youth. Children, as defined by the Convention on the Rights of the Child, suffer from both the direct and indirect effects of substance use and abuse including, for example, AIDS and violence. In view of the interrelated nature of the problem, UNICEF has adopted a comprehensive and integrated response.

2. UNICEF programmes will continue to strengthen those components which focus on the prevention and reduction of demand for drugs, where this is a priority. Priority target populations will include children and youth, both in and out of school, and children and youth in especially difficult circumstances, particularly street children.

3. UNICEF has identified a number of Strategic Programming Countries (SPCs), where exceptional efforts will be made to accelerate programming which responds to the needs and concerns of young people. Those SPCs will, in turn, be provided with a process of peer support and review through Technical Support Groups (TSGs), which include staff from UNICEF, WHO and key organizational and technical partners.

4. There are Technical Support Groups with specific relevance to substance use and abuse focus on Youth Health and Development Promotion (YHD), School-Based Interventions (SBI), and Mass Communication and Mobilization (MCM), in the following SPCs: Bangladesh, Chile, Mali, Mauritania, Morocco, Philippines, Rwanda and Uganda (YHD); Burundi, Cameroon, Sri Lanka, Thailand, Zimbabwe and the Caribbean region (SBI); Côte d'Ivoire, Egypt, Honduras, Kenya, Senegal and South Africa (MCM). Key organizational and technical partners include UNESCO, WHO and IBRD.

2. Action planned

(a) Data collection and dissemination

5. Data collected at the national level will continue through the situation analyses that are being initiated or are under way in SPCs and which bring together the health, education and youth sectors, both governmental and non-governmental, young people and key partners, in order to identify the most

important unmet needs and define priorities for action. Policy reviews are also undertaken to identify ways to create a social and political environment that is more supportive to the health and development of children and youth.

(b) Institution-building and strengthening

6. Programmes (including relevant training and operational research) which focus on the health and development of youth will continue to be strengthened and developed, both in and out of school, also using the media to raise issues for dialogue and debate relating to the social values and norms that underline many of the problems which young people face, including substance use and abuse. Particular emphasis will be placed on skills-based education, improving school health services and counselling, and participation of young people in programme development.

B. Multisectoral activities

1. Policy/strategy

7. UNICEF will continue its current strategy of mobilizing and linking up with other organizations. It will strengthen its existing partnerships, for example those with WHO and UNESCO, and identify new opportunities for collaboration, both with other intergovernmental organizations and also with non-governmental organizations which focus on the health and development of youth, including substance use and abuse.

2. Action planned

(a) Data collection and dissemination

8. At a global level, UNICEF will continue to take advantage of opportunities for advocacy on the issue of substance abuse through the Office of the Executive Director and by strengthening relevant sections of publications that are currently produced and disseminated by UNICEF, including Facts for Life, the Progress of Nations and State of the World's Children.

(b) Research

9. Additional efforts will be made to explore the likely impact of substance use and abuse on the achievement of the goals of the World Summit for Children.

ANNEX IX

Food and Agriculture Organization of the United Nations

Areas of activity: A. Prevention and demand reduction
B. Supply reduction

1. The contribution of the Food and Agriculture Organization of the United Nations to drug abuse control includes a comprehensive approach to rural development, including education, training and development support communication programmes for both adults and youth; integrated rural development and sustainable agricultural production, which provide a reasonable alternative to the production of illicit crops; and satellite remote sensing for the identification and monitoring of illicit crops.

A. Prevention and demand reduction

1. Policy/strategy

2. The integration of drug abuse education into programmes for rural youth is needed as a preventive measure. In the developing countries, the rural youth and young farmer audience is largely made up of young men and women who have dropped out of school at an early age. When those young people are members of organized youth groups, they can be reached through non-formal educational programmes designed to be a part of ongoing group activities. Formal and non-formal education programmes (of Governments and non-governmental organizations) aimed at helping young people to understand the effects of drug use and abuse should be a part of all relevant rural development efforts.

2. Action planned

3. Assuming that financial support is forthcoming, proposals for undertaking demand reduction and preventive education programmes in agricultural training institutions and through non-formal educational channels for out-of-school youth will be finalized and implemented.

(a) Data collection and dissemination

4. Proposals for surveys and studies on the impact of drug abuse on rural populations, particularly on vulnerable groups such as women and youth, have been submitted for funding consideration. The expertise of FAO in the area of needs assessment, project formulation, implementation and evaluation will continue to be combined with that of other agencies and organizations in efforts to design and execute projects and programmes aimed at reducing illicit drug crop production, drug trafficking and drug abuse in member countries which request assistance.

(b) Research

5. There is a clear need to determine the extent to which drug abuse is a problem in the rural areas of specific countries. An analysis of empirical data gathered in selected producer countries would serve as a foundation for awareness, demand reduction and rehabilitation programmes. FAO is proposing that such data be gathered and analysed so that specific programmes can be developed to address the problem.

6. When heads of households operate at a reduced level of efficiency because of drug abuse or problems related to drug abuse, there is an effect on the entire family. FAO is proposing that a careful analysis of the problem, with special emphasis on rural women and rural families, be carried out in several selected countries. In many countries, where women are often the de facto heads of household, issues related to drug use and abuse are not well documented.

Theme	Objectives	Targets	Budget
EFFECT OF DRUG ABUSE ON HOUSEHOLD SECURITY (with a special emphasis on households headed by women)	To assess the impact of drug abuse on rural households in selected developing countries. To identify social, cultural and economic factors that may lead to drug abuse in rural households. To formulate technical assistance projects for each country.	1994: Finalize project funding, select countries and initiate action. 1995: Carry out studies and assessment in six selected countries.	US$ 250 000 (Proposed)

(c) Training

7. Training components are included in all project proposals. A particular emphasis is being placed on teachers and the leaders of rural youth groups.

Theme	Objectives	Targets	Budget
SUPPORT FOR THE MANAGEMENT, CONSERVATION AND DEVELOPMENT OF FORESTRY RESOURCES IN THE TROPICAL AREA OF COCHABAMBA - BOLIVIA (BOL/025/DCP)	To develop agro-forestry production systems as an alternative to illicit drug crop production. Training of small-scale farmers for the formulation and management of Communal Forestry Plans.	1994: Project implementation 1995-96: Training and development of Forestry Plans	US$ 703 930
LINKING AGRICULTURAL SCHOOLS AND LOCAL COMMUNITIES FOR DRUG DEMAND REDUCTION IN RURAL AREAS OF LATIN AMERICA	To introduce drug education into secondary agricultural education institutions in selected pilot areas. To develop community outreach drug demand reduction programmes from selected agricultural education institutions.	1994: Finalize project funding and initiate project activity 1995: Develop and field-test instructional materials Carry out in-service training for teachers Develop community education and outreach programme	US$ 80 000 (Proposed)
THE APPLICATION OF DEVELOPMENT SUPPORT COMMUNICATION STRATEGIES AND METHODOLOGIES TO EMPOWER RURAL YOUTH IN THEIR FIGHT AGAINST DRUG ABUSE	To use mass media for public awareness creation. Systematically to use entertaining popular media to reach youth with a reduction of drug abuse message. Through the use of interpersonal communication media to create a social dialogue at the family and community level.	1994: To fully develop the proposal and seek funding support 1995: Initiate project activity 1996: Continue project activities	US$ 810 000 (Estimated)
DRUG DEMAND RE-EDUCATION PROGRAMMES FOR RURAL YOUTH	To implement an action programme for the reduction of drug abuse by rural youth. To develop a non-formal education programme for out-of-school youth groups. To develop a methodological framework for working with out-of-school rural youth.	1994: Finalize project funding and initiate action 1995: Develop programme and methodological framework 1996: Evaluate activities and examine future application	US$ 120 000 (Proposed)

(d) Institution-building and strengthening

8. FAO has developed a project concept with a view to strengthening agricultural education institutions in their approach to creating an awareness of the hazards of drug abuse among their students. The proposal also aims to build institutional capacity on non-formal education on drug abuse and drug related issues and to strengthen institutional arrangements, such as, for instance, extension work with rural youth groups.

(e) Awareness raising

9. The agricultural education proposal includes a component on each training institution's responsibility to work in the surrounding community to create an awareness of the drug problem and to help in trying to reduce the demand for illicit drugs.

10. There is a proposal from the Development Support Communication Unit of FAO to develop a mass media and development support communication approach to creating and maintaining an awareness of the hazards of drug abuse among rural youth and rural families.

(f) Evaluation

11. Each project or activity includes an evaluation component.

B. Supply reduction

1. Policy/strategy

12. FAO will continue to maintain a stand-by technical capacity to advise national authorities in environmentally safe application of herbicides for the eradication of drug crops and in the development of areas formerly under illicit drug crop cultivation.

13. The main strengths of FAO lie in the areas of agricultural production and a comprehensive approach to rural development, including education and training for adults and youth. Experience shows that, in isolation, crop substitution is not an effective countermeasure to the production of illegal drug crops. However, when combined with a number of other measures, including firm government commitments to drug crop identification and eradication, marketing opportunities for substitute crops and a comprehensive approach to rural development, crop substitution has a role to play in the reduction of the supply of illicit drugs.

14. A multifaceted approach to the production of alternative crops must include improved schools, health facilities, infrastructure (roads, water supply, electricity, and communication systems), multimedia campaigns, vocational training and employment opportunities for rural areas. Competency-based training programmes (skills, knowledge and attitudes) are essential if rural youth are to be legitimately employed or self-employed instead of becoming involved in the production and consumption of illegal drugs.

2. Action planned

(a) Research

15. In 1992 and 1993, FAO was actively involved in a series of research activities related to testing the utilization of commercial, remotely sensed data for opium poppy identification in Afghanistan. The application of the above research programme for the development of monitoring procedures for the assessment of poppy production has been continued in 1994. There has also been a holistic review of the current and future potential of remotely sensed data (satellite and airborne) for identification and monitoring of illicit crops (that is, opium poppy, cannabis and coca). A further study is examining opium and cannabis cultivation in the Bekaa Valley of Lebanon.

16. Future areas of work will focus on other geographic areas, including South America (for example, Colombia), South-East Asia and in the southern newly independent States (that is, Uzbekistan, Tajikistan and Turkmenistan), where there appears to be an emerging problem of extensive cultivation of illicit crops.

17. FAO will continue to play a positive role in determining the value of photo satellite imagery techniques in identifying areas where illegal drug crops are grown. This is a particularly difficult task when dealing with small plots and areas where inter-cropping is practised. However difficult, satellite imagery techniques need to be further tested to determine their level of effectiveness. The problem of verification at the ground level or through the use of low-flying aircraft will have to be overcome in order to test fully and to perfect satellite imagery techniques.

18. An additional area of concern is the assessment of environmental degradation through the use of remote-sensing data. In particular, this relates to an assessment in Colombia, where deforestation is highly correlated with illicit narcotic crop production.

19. Given the availability of resources, FAO sees a need to initiate a preliminary identification of the drug issues related to the management of sustainable forest resources and the implications of those issues for national forestry policy. These efforts should concentrate in subregions of Asia and Latin America with pilot studies carried out in specific countries. At the same time, the introduction of the drug dimension in programme and project planning and evaluation would be helpful. In some areas, the farmers' "production system" includes the cultivation of illicit drug crops. The need to deal with that problem is not adequately dealt with in most project formulation activities and it needs to be addressed through a comprehensive inter-agency approach.

Theme	Objectives	Targets	Budget
EVALUATION OF COMMERCIAL REMOTELY SENSED DATA FOR THE ASSESSMENT OF ILLICIT NARCOTIC CROPS	From the point of view of their suitability for the detection of narcotic crops, to evaluate remote-sensing technologies and aerial photography techniques that are already commercially available or are likely to become so.	1994: Project initiation 1995: Continued implementation	US$ 94 965
BORDER AREAS PILOT PROJECT ON INTEGRATED AGRICULTURAL DEVELOPMENT (MYA/91/005)	As a part of the overall objectives, this project included assistance in identifying incentives for the rural population in the production of alternate crops.	1991-1993	US$ 618 000 (UNDCP)